



Process Improvement

About this Topic: Process Improvement



Topic Mentor

Mark McDonald, Ph.D.

Mark McDonald, Ph.D., is a leading researcher and practitioner of business process design and business architecture. Currently Head of Research for Gartner Executive Programs, he was formerly a partner at Accenture, where he was responsible for directing the firm's Center for Process Excellence. He has worked on several global process transformation initiatives, and is the author of business process reengineering methodology, tools and proven practices. Mark has written numerous articles on process design and development and is the co-author with Peter Keen of *The eProcess Edge*, published by McGraw-Hill in 2000.

Topic Source Notes

Learn

Susan H. Gebelein, Kristie J. Nelson-Neuhaus, Carol J. Skube, David G. Lee, Lisa A. Stevens, Lowell W. Hellervik, and Brian L. Davis. *Successful Manager's Handbook*, 7th edition. Personnel Decisions International, 2004.

Paul Harmon. *Business Process Change: A Manager's Guide to Improving, Redesigning, and Automating Processes*. San Francisco: Morgan Kaufmann, 2003.

http://searchcio.techtarget.com/sDefinition/0,,sid19_gci536451,00.html

<http://www.induction.to/six-sigma/tsld005.htm>

Dan Madison. *Process Mapping, Process Improvement, and Process Management*. Chico, CA: Paton Press, 2005.

Paul W. Marshall. "A Note on Process Analysis." Harvard Business School Note 9-675-038, rev. July 1, 1979.

Steps

Dan Madison. *Process Mapping, Process Improvement, and Process Management*. Chico, CA: Paton Press, 2005.

Tips

Susan H. Gebelein, Kristie J. Nelson-Neuhaus, Carol J. Skube, David G. Lee, Lisa A. Stevens, Lowell W. Hellervik, and Brian L. Davis. *Successful Manager's Handbook*, 7th edition. Personnel Decisions International, 2004.

Dan Madison. *Process Mapping, Process Improvement, and Process Management*. Chico, CA: Paton Press, 2005.

Tools

Susan H. Gebelein, Kristie J. Nelson-Neuhaus, Carol J. Skube, David G. Lee, Lisa A. Stevens, Lowell W. Hellervik, and Brian L. Davis. *Successful Manager's Handbook*, 7th edition. Personnel Decisions International, 2004.

Dan Madison. *Process Mapping, Process Improvement, and Process Management*. Chico, CA: Paton Press, 2005.

What Would You Do?

What would you do?

Paul recently became manager of an online bicycle tour guide service. Nine months earlier, the company had established a new service: Sending emails to customers to notify them of new updates, and to invite them to download the latest tours and travel information.

Customers initially expressed delight with the service. But in the past month, many customers have complained that the latest travel information was actually out of date. Paul realizes that something is wrong with his content-updating and distribution process. But he's unsure how to address the problem.

What would you do?

Although Paul's process is virtual, he can envision it much like a traditional manufacturing process. This will help him begin implementation of a business process improvement (BPI) initiative. His next step is to assemble a BPI team to analyze the existing order process. The team will then redesign the process to eliminate problems. Next, the team will have to acquire the resources needed to implement the new process (such as personnel or equipment). Paul's team might then pilot the new process to address any remaining problems before putting it to full use. Even after the new process has become standard operating procedure, the BPI team will continue to monitor its performance and make further improvements as needed.

Can you identify and fix a broken process?

Topic Objectives

This topic helps you:

- Understand the importance and benefits of business process improvement (BPI)
- Plan a BPI initiative
- Analyze and redesign a current process that needs improvement
- Obtain the resources needed to change a process
- Implement a redesigned process
- Continually improve your business processes

Key Idea: What are business processes?

Key Idea

Managers hear extensive discussion of "business process improvement," "process redesign," and "business process reengineering." But what are business processes, exactly?

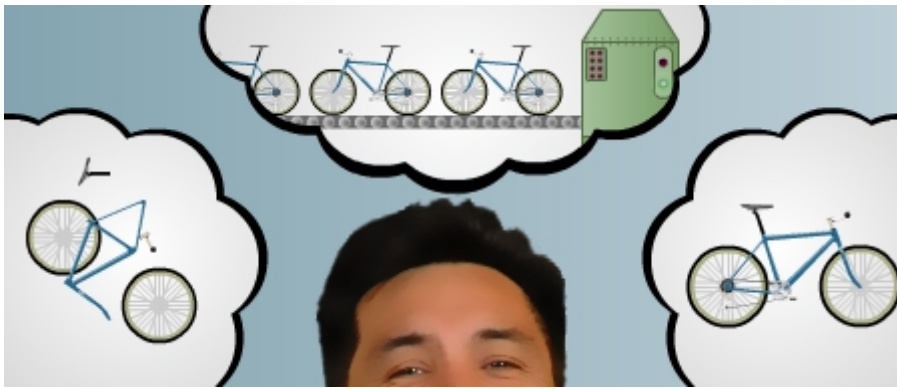
Technically, a business process is the set of steps a business performs to create value for customers. A process consists of three basic components:

- **Inputs:** They start the process. For example, if you're building a bicycle, the inputs are the tires, wheels, nuts, bolts, chains, and gears.
- **Activities:** These transform inputs into outputs. In the bicycle example, activities would include building a frame, attaching the wheels, and tuning the gears.
- **Output:** Sometimes also called the outcome, the output is the result of the activities—in this example, the finished bicycle.

Processes are easier to understand when you consider physical goods like bicycles. But processes exist in *every* company—not just those that make physical goods.

Every company has many different business processes. But what are they, exactly?

Another way to understand processes



Here's a way to identify processes in the context of your job. Consider business processes as the series of events that bring together **people**, **technology**, and **information** in ways that create valuable outcomes.

To see how people, technology, and information interact in processes, take a moment to glance around your office. Notice that:

- The **people** around you are carrying out process **activities** based on the **inputs** they receive—such as customer requests. Their skills and knowledge constitute additional inputs.
- These people are often working with **technology**—for example, computer programs, the Internet, and copy machines. These technologies facilitate process **activities**—such as e-mailing a customer or retrieving customer data.
- Information is also all around you—stored in databases, provided by customers, or held in people's minds. As such, information can be a process **input** (such as the number of parts in a warehouse) *or* an **output** (for instance, a consultant's report).

In short, business processes constitute all the activities your company engages in—using people, technology, and information—to carry out its mission, set goals, measure performance, serve customers, and address the inevitable challenges that arise while doing so. Processes determine the effectiveness and efficiency of your company's operations, the quality of your customers' experience—and ultimately, your organization's financial success.

A closer look at processes

Every organization contains a large number of business processes. Some are simple processes carried out in a single department—such as entering a customer's order into a computer. Others are complex processes implemented throughout your company—for instance, developing successful products.

Processes can also vary in their degree of formality. For example:

- **Informal:** A customer asks you for a discount if they purchase double the normal amount of your product. There is no rule saying you can't provide such a discount, nor is there an established way to give the discount. So you give the discount. You have just created an informal process. The company hasn't documented this process as a set of steps that must be performed under certain conditions. For now at least, the discount program exists only in your head.
- **Formal:** You manage a call center that resolves customer concerns over the phone and through the Internet. You and your team have established a rigorous set of procedures for answering customers' questions and solving their problems. Your team has documented these procedures, and all new employees are required to study them and receive training before staffing the call center's phones. Thus, the processes for handling customer concerns are highly formalized.

Some processes start out as informal, and then the organization decides to formalize them.

For instance, suppose you created an informal process by asking current employees to suggest job candidates for an open position. The process proves highly successful, enabling you to identify and recruit a new hire, who then excels on the job.

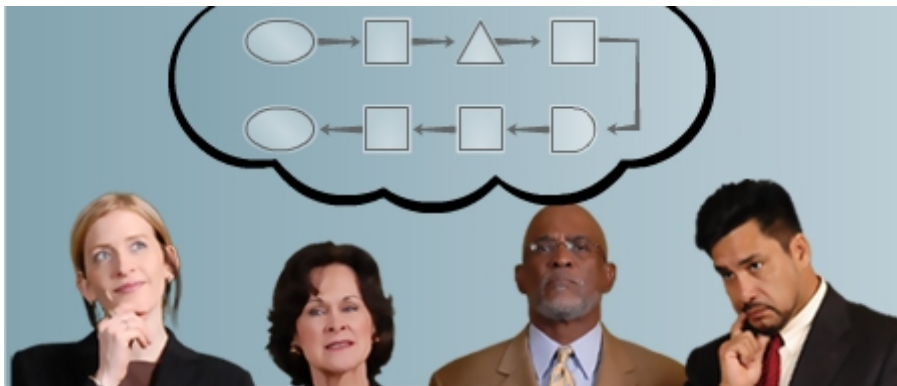
As a result of this success, your company decides to make this practice a formal part of its recruitment efforts. It even sets up a bonus program to reward employees who recommend candidates who are hired.

When processes go wrong

Everyone in and related to your organization—you, your boss, peers, and direct reports, and your customers and suppliers—carries out many different processes every day. But because business processes are invisible, many people don't consciously think about them or realize the impact they have on an organization's performance. Instead, when problems do crop up (for example, a customer's order is filled incorrectly), people often look for someone to blame. Managers may spend time and money replacing the person supposedly at fault. Or they might choose to invest in expensive new technology to try to overcome the problem.

Yet many managers find that these "solutions" don't work. Ultimately, the same problems keep surfacing. What's going on? As it turns out, most organizational difficulties stem from flawed processes—not incompetent individuals or inadequate technology. By understanding the process glitches that led to a problem, you and your team can correct the process to get the results your company wants.

Adopt a process mindset



Because establishing the right business processes is so essential to an organization's survival, you and your team can create enormous value for your company by adopting a *process mindset*.

When you have a process mindset, you regularly think about how to improve the way your group turns inputs into desired outputs. You seek to understand the quality of your group's business processes by using measurements and process mapping to discover and correct weak points.

You can cultivate a process mindset in your team by helping team members understand and articulate the many business processes they take part in, and by encouraging them to constantly look for ways to *improve* those processes. Your reward? Greater efficiency, higher customer satisfaction, reduced errors, lower costs, and enhanced company profitability.

Leadership Insight: Fixing potholes

In the mid 1990s, a Republican prosecutor, Steven Goldsmith, was elected the mayor of the city of Indianapolis. He had campaigned under the Reagan philosophy that less government is better government. And he said, "If you elect me, I am going to privatize many city services, because the private sector can do it more efficiently than the public sector."

And he was elected. And unlike most politicians, he actually was going to deliver on his campaign promises. And so, just before he was about to put up some contracts for bid, he thought he'd better be able to demonstrate to the citizens and the labor unions that there is really going to be a demonstrable savings.

So he asked his department heads: "Can you tell me what it costs us today to fix potholes, or to repave a mile of road, or to pick up a ton of trash?" They said, "Well, we don't know, but we will look and we will come back and tell you." And they came back in a few days and they said, "Mayor, we have bad news. We have no idea."

Now, I wrote a case about this, and when I teach the case, I hand out the budget document for the city of Indianapolis at that time period, and it is about the size of a phonebook — I mean, it has hundreds of pages and hundreds of numbers on each page. And yet, despite that, there was nothing in the budget document that told anybody what things cost or told them what they spent.

The mayor said, "Well, this is not a good basis for moving forward with privatization." He said, "We have to find out what it is going to cost us, what it costs us today."

And so they did a study, used activity-based costing, and they started with filling potholes, and they learned after about six weeks of the study that it costs about \$435 per ton of asphalt to fix a pothole.

So he said, "All right. Now we are ready to bid it out." But the union had come up to the mayor and said, "Sir, we would like to bid too." He said, "Well, I guess we got your bid. It is costing you \$435 a ton. And if the private sector does it cheaper, we are going to let them do it." But the union rep says, "Well, give us a chance. We'd like to do it better."

The mayor said, "How long have you been filling potholes — 20 or 30 years? What is going to happen in the next six weeks that is going to make a difference?"

And the rep said, "Well, there are two things that have changed. First, we have never seen this information before, so we never saw all the elements that go into the costs of doing this road-repair work. And second, it didn't matter before, because we had a job. Now it really matters, and we think we can do better."

So the mayor said, "OK. Six weeks." And in six weeks, through a whole series of changes — in the way they filled the potholes, less staffing, getting rid of supervisors, a lot of process improvements — the union drove the costs down 35 percent.

And in fact, when they subsequently did put it out to bid, the [union was] the lowest-cost supplier, so it retained the contract. And Mayor Goldsmith told me, "I learned it is not about privatization. It is about competition." That the workers in the public sector can be as efficient as or more efficient than those in the private sector, but you need two critical components.

You need information. They had to know what it costs and all the elements that went in the costs.

And you needed to have some incentives. They had to have something at stake; some skin in the game so they were motivated to improve. But once we provide them with valid cost information and the incentives to do better, they did a terrific job.

And they didn't win every contract, but they actually won quite a few contracts by making these process improvements. And the citizens were better off, and the workers were better off. They felt much better about their jobs.

And sometimes they came in even with more savings, and he shared that with them. He gave them \$1,000 checks in very public TV appearances to say thank you for making process improvements and doing your job better for the citizens of the city.

Three critical components – the facts, competition, and the right incentives – help people to do their jobs better.

Robert S. Kaplan
Professor, Harvard Business School

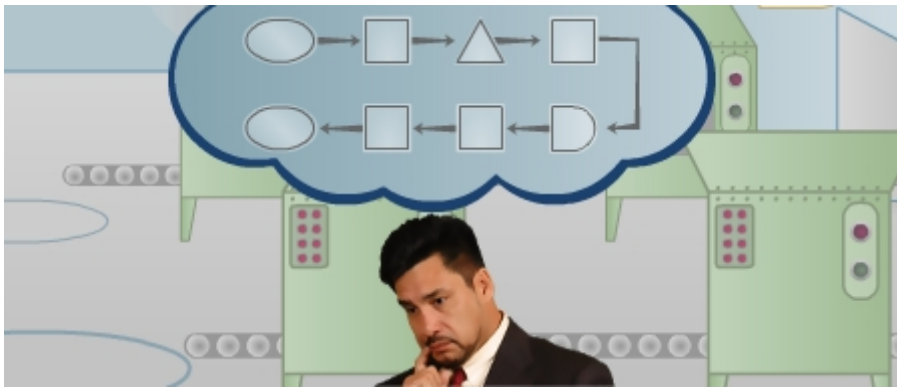
Robert S. Kaplan is Baker Foundation Professor at the Harvard Business School and Chairman, Professional Practice, at Palladium Group Inc. Before joining the HBS faculty in 1984, Robert was the Dean of the business school at Carnegie-Mellon University.

His research, executive education teaching, and consulting focus on linking cost and performance management systems to strategy implementation and operational excellence. Robert is a co-developer of both activity-based costing and the Balanced Scorecard.

He has authored or coauthored 14 books and approximately 150 papers, including 20 featured in Harvard Business Review. Recent books include "The Execution Premium: Linking Strategy to Operations for Competitive Advantage," the fifth Balanced Scorecard book coauthored with David Norton, and "Time-Driven Activity-Based Costing" with Steve Anderson.

In 2006, Robert was elected to the Accounting Hall of Fame. He received his Bachelor of Science and Master of Science in electrical engineering from MIT, and a doctorate in operations research from Cornell University.

A set of tools to enhance business performance



Business process improvement (BPI) is a set of disciplined approaches and tools that managers use to enhance their company's performance. As the name suggests, BPI (also called business process management, or BPM) focuses on changing business processes to improve their effectiveness.

In organizations that use BPI:

- Managers and employees know their business processes and capture them in process maps, procedure manuals, or agreed-upon "ways of doing things."
- Managers track the performance of processes in the form of metrics that can assess the quality of inputs and outputs or gauge the effectiveness of activities.
- Top management systematically invests in its processes. In some cases, these investments are intended to improve current operations—for example, enhancing the efficiency of order processing. In other cases, these investments are meant to improve the company's competitive position—for instance, strengthening the product-development or strategy-formulation process.
- Organizations that do not use BPI may do these same things. However, their use of BPI is usually sporadic, rather than a regular way of doing business.

BPI is a tool that can be used at every level of an organization—by a manager who sets out to change a relatively simple process within her department, or by top management who introduce a companywide initiative designed to improve performance throughout the organization.

Formal process improvement

“Don't find fault, find a remedy.”
—Henry Ford

This topic focuses on BPI efforts that you can initiate and carry out in your own team or department. However, your organization may also have mandated a large-scale process-improvement program in which all managers are required to participate. If that's the case, you may want to briefly familiarize yourself with some of the more formal improvement methodologies and standards, listed below.

Formal Process Improvement Methodologies and Standards

Name	Description

Six Sigma	Disciplined data-driven approach for eliminating defects in any process, designed to deliver high performance, reliability, and customer value. Motorola developed Six Sigma in the 1980s after recognizing that products with the fewest defects failed least often during use. The Greek letter <i>sigma</i> denotes variation from a standard.
Total Quality Management (TQM)	Management strategy aimed at embedding awareness of quality in all organizational processes and encouraging employees to steadily increase customer satisfaction at continually lower costs. TQM was popularized in Japan after World War II by American statistician and college professor W. Edwards Deming. Later, Joseph Juran broadened the concept of quality management from its statistical origins to focus on the human dimension.
ISO 9000	Family of standards for quality management systems from the International Organization for Standardization (ISO). These standards do not guarantee the quality of end products and services; rather, they certify that a company is applying consistent business processes. ISO 9000 standards are administered by accreditation and certification bodies.
Business Process Reengineering (BPR)	Management approach that promoted radical redesign of workflow within and between enterprises in order to achieve dramatic performance

improvement. BPR reached its heyday in the early 1990s when Michael Hammer and James Champy published their best-selling book *Reengineering the Corporation*.

Triggers for a BPI effort

A BPI effort can be triggered by several types of events—including inefficiencies or problematic performance as well as major changes in the business landscape:

- **Inefficiencies and problematic performance.** Managers who notice inefficiencies or problematic performance may decide to launch a BPI initiative. For instance, Kara, a manager at a regional sales office for a large consumer-goods company, realizes that the office's sales figures are 5% lower than those of other regional offices. Her staff work hard, but they're not achieving their goals. Kara decides to examine key processes—such as the way her staff qualifies sales leads and sets up customer accounts—to see whether any of these processes could be changed in order to increase the sales figures.
- **Major changes in the business landscape.** Business change can take many forms—including new technologies, shifts in customer preferences, and the emergence of new competitors. Each of these changes can prompt managers to embark on a BPI effort. For example, Marcus, a manager in his company's human resources department, is intrigued by the possibilities the Internet presents. He realizes that providing the means for employees to make their yearly benefits changes online would help the company save time and money. Previously, employees who wanted to change their benefits choices had to meet with HR personnel—a time-consuming, and therefore costly, process. Marcus sets out to review the way the HR department currently carries out its work and to develop ideas for using the Internet to introduce new efficiency to as many processes as possible.

Benefits of BPI

A well-run BPI initiative enables you to generate many important results for your organization. For instance, BPI could help you:

- Understand how effectively your team is meeting the needs of customers and other departments in your company.
- Revise your hiring strategies to improve skill levels and expertise in your team.
- Save time and money by simplifying overly complex and expensive processes.
- Identify entirely new processes that enable your firm to provide top-notch customer service while reducing costs.

Key Idea: The six phases of BPI

Key Idea

BPI offers crucial benefits to any team or organization. But to generate those benefits, you need to take a structured approach to your BPI efforts. Experts recommend the following six phases:

1. **Plan:** Select an existing business process you want to improve, define its scope, and assemble your team.
2. **Analyze:** Closely examine the process you've identified as a candidate for improvement.
3. **Redesign:** Determine what changes you want to make to the target process.
4. **Acquire resources:** Obtain the personnel, equipment, and other resources needed to make the process changes called for in your redesign.
5. **Implement:** Carry out the process changes.
6. **Continually improve:** Constantly evaluate the target process's effectiveness and make further changes as necessary.

How would you initiate and manage a process improvement effort?

When your process change is simple

When you make simple process improvements in your department, you won't necessarily take the time to carry out each of the six phases explicitly. Rather, you'll likely think through the phases quickly.

For example, suppose you want to make your team's decision-making process more efficient. Currently, you gather input from each team member personally during the week before making a key decision. But with the addition of several new hires, this process has become unwieldy and time-consuming.

You envision and suggest a change: Instead of the current process, employees will start meeting once a week to discuss key issues. The team makes the shift—freeing up more of your time, which you then invest in other responsibilities.

For such straightforward process improvements, an informal redesign and implementation are all that's necessary.

Key Idea: Detect signs of trouble

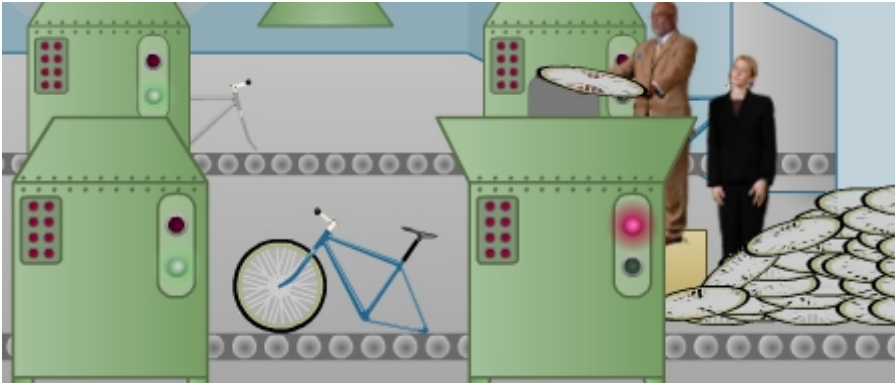
Key Idea

To plan a business process improvement, first decide whether process improvement is needed. The answer is "yes" if you notice certain telltale symptoms—including the following:

- Customers are increasingly commenting that the product has deteriorated.
- Certain procedures seem overly complicated.
- Tasks take longer to complete than they did previously, or there is noticeable variation in the amount of time different people take to perform the same task.
- Things don't get done right the first time.
- Team performance is declining or is consistently missing goals.
- Employees are expressing frustration over confusing processes or bottlenecks that prevent them from fulfilling their job responsibilities.

Can you spot trouble in your business process?

Select a process to improve



If you're like most managers, you may see several symptoms of problematic processes occurring simultaneously—suggesting that more than one process may benefit from improvement.

For example, Joe, who manages a regional office for a financial services company, has noticed that customers are complaining about having to provide the same personal information several times while applying for a loan. In addition, the office's growth—in terms of the number of new accounts signed per quarter—is lower than that of other regions, despite the considerable expertise of Joe's staff.

When it seems that several processes may need improvement, how do you decide which one to tackle first? Create a **process selection matrix** in which you rate each process according to criteria such as how easily it might be changed and how problematic it may be for customers. Rate each possibly problematic process on a scale of 1 to 5, with 5 being the highest score and 1 the lowest. The table below shows an example of what Joe's matrix might look like.

Joe's Process Selection Matrix

Joe's Process Selection Matrix						
Process	Cost-Saving Potential	Source of Customer Complaints	Opportunity for Improvement	Easy to Change	Source of Staff Frustration	Total Score
Setting up new accounts	5	5	2	2	4	18
Evaluating applicants'	4	2	4	3	4	17

credit histories						
Approving loan applications	4	1	3	2	4	14

Once you've rated each process, total up your scores. The highest score suggests the process you might want to improve first. In Joe's case, he decides to focus on the process of setting up new accounts.

Activity: Which process should you improve?

Hone your process improvement skills by analyzing the processes below.

Your BPI team have reviewed the following three processes using a Process Selection Matrix.

In this matrix, the process of receiving a product returned for repair earns a rating of three for cost-saving potential, a rating of two as a source of customer complaints, a rating of three as an opportunity for improvement, a rating of five for being easy to change, and a rating of three as a source of staff frustration, for a total score of sixteen.

The process of repairing a product earns a rating of four for cost-saving potential, a rating of two as a source of customer complaints, a rating of four as an opportunity for improvement, a rating of two for being easy to change, and a rating of three as a source of staff frustration, for a total score of fifteen.

The process of shipping a product back to a customer earns a rating of three for cost-saving potential, a rating of four as a source of customer complaints, a rating of three as an opportunity for improvement, a rating of four for being easy to change, and a rating of two as a source of staff frustration, for a total score of sixteen.

According to your Process Selection Matrix, which process should your BPI team focus on improving?

- ☐ Receiving product returned for repair

Not the best choice. Both this process and "shipping the product back to the customer" have a total score of 16. However, "shipping the product back to the customer" is a bigger source of customer complaints, which should give it the top priority.

- ☐ Repairing product

Not the best choice. In a Process Selection Matrix, the highest total score identifies the process you should focus on improving. 15 is not the highest total score in the matrix.

- ☐ Shipping product back to customer

Correct choice. Both this process and "receiving the product returned for repair" have a total score of 16. However, this process is a bigger source of customer complaints, which should give it the top priority.

As you and your BPI team are discussing the ratings in the matrix further, your company announces a new emphasis on improving customer loyalty as part of its competitive strategy. What might you do next—if anything?

- ☐ You interview employees to get a more accurate sense of their frustration with the processes. Based on these interviews, you change the rating for "Source of Staff Frustration" from 3 to 5 for "Repairing product."

Correct choice. Employee frustration leads to poor performance, which creates dissatisfied and disloyal customers. Changing the rating for "Source of Staff Frustration" to a 5 reflects the importance of this link between employee satisfaction and customer loyalty. It also changes the total score for "Repairing product" to 17, the highest total score. This suggests that the BPI team should now focus on improving this process.

- ☐ You take no action.

Not the best choice. With the new emphasis on customer loyalty, you might want to gather more information on the five criteria for each of the three processes. The additional information may cause you to reconsider some of the ratings to reflect the importance of your company's new emphasis on customer loyalty.

- ☐ You increase the "Source of Customer Complaints" ratings by one point for each of the three processes to reflect your company's new emphasis on customer loyalty.

Not the best choice. Simply changing the ratings in the matrix is meaningless unless you first gather information suggesting that the ratings are inaccurate.

Define the BPI's scope, goals, and schedule

Define the scope, goals, and schedule for the selected process improvement project.

- **Scope.** Scope defines what will and won't be included in the effort. For example, to improve the way his office sets up new accounts, Joe decides to focus on changing the way people and technology interact to establish accounts. He prefers not to change people's jobs or adopt new technologies if he can help it.
- **Goals.** Specify how the BPI effort supports your organization's goals. Clarify how it relates to other existing processes, as well as to important stakeholders, such as your company's customers or suppliers. And express the desired improvement in numerical terms.

Joe, for instance, determines that improving the way his office sets up new accounts will help his company achieve its strategic goal of serving customers more efficiently and quickly. The process of setting up accounts directly affects customers' satisfaction levels and has links to the other processes involved in approving loan applications, such as evaluating applicants' credit histories. Joe expresses the desired improvement as: *"Customers have to provide financial information only once in order to establish an account with us."*

- **Schedule.** Specify which milestones you'll need to achieve in order to change the problematic process and approximately when you expect to reach each milestone. For example, Joe's BPI milestones include mapping the current new-account process within two months and conducting a trial run of a revised process by the end of the third quarter.

Assemble your BPI team

Decide who will carry out the BPI project. Your team should include the following:

- **Project manager:** Select someone to serve as project manager—whether it's yourself or another individual. The project manager should have experience working with others on focused tasks. He or she will be responsible for ensuring that the work gets done on time, all issues are resolved, and the project achieves its goals.
- **Process owner:** The process owner will take responsibility for continually improving the process once the BPI team redesigns it. Again, this may be you. He or she should be thoroughly familiar with the redesigned process, open to making further changes to it as needed, and able to influence others to accept changes. The process owner also needs to understand the principles of effective process design, be able to track the new process's performance using metrics, and maintain documents related to the process (such as flow charts, standard operating procedures, and checklists).
- **Process users:** Include individuals who work directly with the process. Select a representative sample, not just the people who perform the process the best.
- **Skeptics:** BPI teams also benefit from one or more skeptics—people who will challenge the design process and stimulate productive debate over ideas.
- **Facilitator:** If your BPI project is extensive, consider including a facilitation specialist—someone with expertise in leading team meetings. Often, the project manager can fill this role.
- **Technology expert:** Technology plays a role in most processes. Thus, having access to a technology expert—for example, your company's Web-site administrator or technical support analyst—can be valuable.

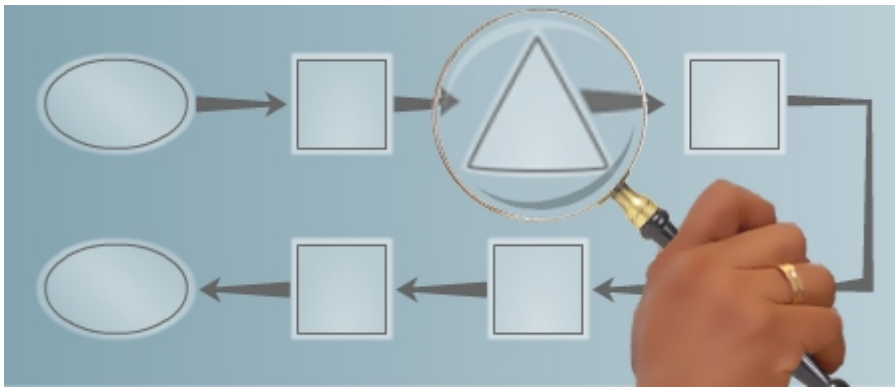
Get everyone on board

Establish ground rules for how the BPI team members will work together.

For instance, how often will you meet to discuss progress and address challenges? Who will be responsible for which aspects of the work? How will team members share information and resolve conflicts?

If necessary, gain your own manager's commitment to the BPI initiative by making a compelling business case for the value of the project. Finally, decide with your manager when and how the BPI team will provide updates on its progress.

Steps to analyzing your process



Now that you've planned your BPI project, it's time to move to phase two—analyzing the process you've identified as needing change. This phase consists of the following steps:

- Mapping the existing process (documenting the way work flows through the process)
- Examining the process map to identify problems
- Interviewing stakeholders (including customers) to gain their insights on the process
- Benchmarking how other organizations handle this process

After following these steps, you should have a set of documents that precisely describe the existing process and include ideas for improving the process.

Map the existing process

“In life, as in chess, forethought wins.”
—Charles Buxton

Activity: Identify that process map symbol

Can you match these process symbols to their meanings?

In a process map, which symbol represents a cross-reference to another process?

☐ Circle

Correct choice. A circle represents a cross-reference to another process.

☐ Big D

Not the best choice. A big D represents a delay. A circle represents a cross-reference to another process.

☐ Triangle

Not the best choice. A triangle represents filling or storage of materials or information. A circle represents a cross-reference to another process.

In a process map, what does a diamond shape symbolize?

- ☐ A delay

Not the best choice. A delay is represented by the symbol of a big D. A diamond represents a review or decision to be made.

- ☐ A review or decision that must be made

Correct choice. A diamond represents a review or decision that must be made.

- ☐ The start or the end of the process

Not the best choice. The start or the end of a process is represented by the symbol of an oval. A diamond represents a review or decision to be made.

In a process map, which symbol represents an activity that a person or technology performs?

- ☐ Box

Correct choice. A box represents an activity that a person or technology performs.

- ☐ Arrow

Not the best choice. An arrow represents the direction of the workflow. A box represents an activity that a person or technology performs.

- ☐ Oval

Not the best choice. An oval represents the start or the end of a process. A box represents an activity that a person or technology performs.

Key Idea: Examine your process map for problems

Key Idea

Examine each component of your process map, asking yourself questions such as:

- At which points does this process break down or experience delays?
- At which points do people typically experience frustration with the process?
- Which parts of the process seem to consume an inordinate amount of time?
- Which parts of the process lead to low-quality outcomes?
- Which parts of the process incur unacceptable costs?

For example, after examining his process map, Paul might conclude that: His team could save time by automating parts of his process to increase efficiency and employee satisfaction.

You've mapped the process you want to improve. Can you spot the problems in that process?

Interview stakeholders

Meet with process stakeholders—such as your supervisor, peer managers, and employees. Ask them how they view the process and what they think works well and not so well in the process. Invite them to offer suggestions for improvement.

For instance, after examining his map of the new-account setup process, Joe had concluded that his team could save time by gathering all customer documentation at the moment the application is received, rather than going back to the customer to ask for it later. He also realized that the process contains multiple decision points where a person must evaluate a loan's progress and possibly take corrective action. This can introduce errors and delays in serving customers.

Joe sets out to interview stakeholders. Through talking with the loan officers, Joe finds that they spend much of their time coordinating document flows between the customer and the Credit Department. He learns that customers rarely bring all the information needed to complete a loan (such as proof of income) to their initial visit. Thus loan officers must track down this information to process the loan.

In interviewing stakeholders, don't forget to ask customers what they want from the process. Then fill out a report indicating how they would "grade" your team on each requirement and what "A" level performance would look like—to them—for each.

For example, Joe's customers want to provide information only once while applying for a loan (their idea of "A" level performance on this requirement). Perhaps they would give this requirement a "C" grade because of their frustration with having to provide information several times.

Benchmark

In addition to interviewing stakeholders, find out how other organizations conduct the process you want to redesign. These other organizations can include competitors, companies that are similar to yours but that don't compete directly, and enterprises that are considered "world class" in your target process. Your goal in benchmarking is to generate additional ideas for redesigning the problematic process.

To generate ideas for which organizations you might benchmark, use sources such as research companies, consultancies, industry studies, industry trade associations, and former employees of competitors. You can also contact organizations yourself and conduct brief interviews with managers and executives about how their company carries out the process in question.

Steps toward a new process



You've analyzed the existing process that you identified for improvement. Now it's time for your business process initiative (BPI) team to redesign the process so that it produces the outcome you're looking for. The redesign phase consists of these steps:

- Envisioning a better process
- Testing your team's ideas
- Considering the implications of a potential redesign
- Documenting your redesign
- Gathering feedback from stakeholders and refining the redesigned process

At the end of your redesign phase, you should have a set of documents describing the proposed process redesign that is approved by management and other key stakeholders.

Key Idea: Envision a better process

Key Idea

With the rest of the BPI team, visualize what an ideal process would look like. Be sure that the ideal process directly addresses the business problem or opportunity identified in the project goals. Drawing on your stakeholder interviews, benchmarking, and other activities from the analysis phase, brainstorm ways to make the process better.

During this brainstorming, set aside the "as is" process flowchart, so new ideas won't be influenced by the status quo. Then think about ways to improve the process's performance.

- First, think about ways to **exceed customers' expectations**. Could the accuracy, speed, and quality of the process be improved? How might the process be improved to make it easier for customers to do business with the company?
- Second, consider ways to **cut costs**. Could steps be eliminated from in the process to reduce the number of resources required or reduce the cost of the resources used?
- Third, brainstorm ideas for **reducing cycle time**—the total time it takes to complete the process. Could requests for clarification or information be eliminated to speed up the process?

In addition to brainstorming ways to improve the process, determine how to measure the new process's performance. Define performance metrics related to:

- **Customer satisfaction**—for example, "Number of times customer has to phone the company before getting their problem solved" or "Amount of time on hold."
- **Quality**—such as "Number of errors in assembly."

- **Cost**—such as "Amount spent per quarter on parts."
- **Cycle time**—for instance, "Number of hours to assemble one unit of a product."

Imagine a perfect process. How would it work?

Ideas from Joe's BPI team

Joe's BPI team came up with several ideas for a better process, including the following:

- **Ask for documentation up front.** Currently, customer information is verified late in the process.

For example, the customer is asked to provide proof of income after the loan application is accepted, creating a one- to three-day delay in the process and requiring the loan officer to contact the applicant.

A review of the process's history revealed that this step was originally included to avoid having the credit department work on an application only to find out that the applicant did not meet the required income criteria. However, since less than 3% of loan applications are rejected, the new process should ask borrowers to submit their proof of income at the time they make the application. This would accelerate the process and eliminate the expense of the loan officer following up to request documentation.

- **Add a new staff position.** Loan officers are responsible for managing the loan-application cycle, including ensuring that the right documentation is gathered and processed. Therefore, loan officers have to follow up on any questions and outstanding issues. This step was intended to ensure that customers received personal service from loan officers. However, it limits the number of loans an officer can handle at any one time, reducing their ability to generate new sales.

Creating a loan production coordinator position to handle routine documentation requests would free up loan officers' time and let them generate more new accounts. Loan officer time is costly—not only because loan officers are paid salary and commission, but also because time spent gathering information is time away from generating new business. Adding a loan production coordinator position would save the company money, since the task of contacting customers would now be performed by a person in an administrative position.

Test your ideas

Your team may envision several possible new processes that would improve on the current one. After gathering as many ideas as possible, test those proposed processes to determine which of them seems best. Consider these testing mechanisms:

- **Role-playing:** Have team members act out the proposed process to see how well it works. Assign someone to take the role of customer, another to play an order taker, and so on. Create artificial—but realistic—orders, contracts, or requests and ask each person to play his or her role while carrying out the process. Observe how things go: look for bottlenecks, coordination problems, and other difficulties that may disqualify the process as ideal.

For instance, Joe's BPI team role-plays by having one person play the customer and using an actual loan application form to approach the bank. A "loan officer" manually checks

the application and writes down the information needed to verify and validate the application. The completed application is then handed off to the credit department.

- **Practice:** Start with real inputs—such as orders, contracts or requests—and have the people who would actually be carrying out the real process try turning those inputs into outputs. Again, look for difficulties or surprises that may indicate the proposed process would not work smoothly.
- **Computer simulation:** Many software vendors offer applications that enable managers to test proposed processes under various scenarios to find bottlenecks and other problems. If you have access to such software, consider experimenting with it to evaluate the top processes proposed by your BPI team.

Testing your ideas helps you make corrections during the design process, when they are easy and inexpensive to make. It might also help you find previously unidentified glitches in the process. For example, during Joe's role-play, the loan officer asks the "customer" for documentation. The customer replies: "What documentation? I just gave you an application." Joe realizes that providing customers with a checklist of the documentation they need to supply when applying for a loan would speed up the application process—and would decrease customers' frustration.

Consider the implications of change

“ The general who wins the battle makes many calculations in his temple before the battle is fought. ”
–Sun Tzu

To further gauge the feasibility of your redesigned process, discuss the organizational ramifications of the redesign with your team. The table below shows examples of implications you'll want to consider.

Examining a Redesign's Organizational Implications

Organizational Aspect	Will the new process require . . .
Structure	The creation of new jobs, departments, and reporting relationships, or major modifications of existing structures?
Employees	New skills, knowledge, and expertise that must be acquired by training existing employees or hiring new personnel?
Customers	New marketing plans or other

	communications to inform customers of the redesign and to help them begin using it?
Systems	Entirely new systems—such as a new IT infrastructure—or the significant modification of existing systems?

Depending on the nature of your redesign's organizational implications, you may decide that your team's proposed process needs further changes.

For example, Joe realizes that creating a loan production coordinator position might tempt the loan officers to care less about the quality of their work. So he decides to create metrics to track which loan officer applications required the most work to complete. He then decides to use these new metrics during loan officers' performance evaluations.

Document your design

Document the latest version of your redesign in an activity flowchart. Omit details about who will do which tasks. That information will come later. For now, you want to present a relatively simple version of the process to stakeholders to invite their feedback and ideas.

Gather feedback and refine your process

Present the new activity flowchart—along with information about how you generated ideas for the proposed process—to key stakeholders. These stakeholders will likely include your manager as well as others in the company who would be affected by the changed process. Ask:

- "Does the process, as designed, address the performance issues identified in the project goal? Does it enable us to take advantage of important opportunities?"
- "Where do you see potential issues arising in this proposed process?"
- "What suggestions would you offer to improve the process's effectiveness at achieving the project goals?"
- "In your opinion, have we missed something that's important? If so, what is it?"

By inviting input from stakeholders, you begin building support for the new process your team has crafted. When people contribute ideas for changing a process, they often feel more committed to it. Consider whether you want to further revise your proposed process to incorporate some of the feedback.

Arriving at a final version of your redesigned process is a major milestone. But your team still has work to do.

Activity: Fix that flawed process

Improving a flawed process isn't easy. But with practice, you can sharpen your skills.

The Pickle Pagoda is a small deli chain that was trying to launch a new sandwich-and-soup recipe every three months. But the process was not going smoothly. In particular, the chain couldn't seem to develop the new recipes in time to meet the three-month deadlines. Sally, the operations manager, has assembled a BPI team to improve the recipe-development process. The team presents her with three options.

In the first process, chefs develop a new recipe, which is then reviewed with a cost analysis. After this point, the recipe could either return to development and the process would restart, or the recipe could advance to the stage of new recipe training. If the recipe advances, a period of delay will begin, as the time is taken to procure ingredients. Finally, after the ingredients are procured, the new recipe will launch. This process has a cycle time of twelve weeks.

In the second process, chefs develop three new recipes, which advance to new recipe training, and then to a cost analysis review. After the cost analysis review, the recipes could either return to development and the process would restart, or the recipes would launch. After launching, a period of delay would begin, as the time is taken to procure ingredients. This process has a cycle time of ten weeks.

In the third process, chefs develop three new recipes, which are then reviewed with a cost analysis. After the cost analysis, the recipes could return to development and the process would restart, or the recipes could advance to new recipe training while also beginning the period of delay as time is taken to procure ingredients. After the new recipe training is complete and the ingredients have been procured, the new recipe will launch. This process has a cycle time of seven weeks.

Which redesigned process should Sally choose?

☐ Redesigned process #1

Not the best choice. This redesigned process contains several problems. For one thing, developing only one new recipe at a time is risky. If the company has trouble procuring the ingredients for the recipe once it is approved, a delay will result. The company won't have a backup recipe in place to launch within the three-month deadline. Also, by carrying out procurement after training is complete, the company lengthens the recipe-development cycle time unnecessarily. With several inefficiencies in this proposed process, the cycle time could extend as long as 12 weeks—too long to develop and launch a new recipe every three months.

☐ Redesigned process #2

Not the best choice. This redesigned process contains a problem. True, it's a good idea to develop several new recipes at a time. That way, the company can have a backup recipe in place in case something goes wrong with the other proposed recipes. However, by carrying out procurement after training is complete, the company lengthens the recipe-development cycle time unnecessarily. With a major inefficiency in this proposed process, the cycle time could extend as long as 10 weeks. That's cutting it a bit close to develop and launch a new recipe every three months.

☐ Redesigned process #3

Correct choice. This redesigned process seems the most promising. It's a good idea to develop several new recipes at a time. That way, the company can have a backup recipe in place in case something goes wrong with the other proposed recipes. For example, if there's a shortage of ingredients needed for an approved recipe, the company could

switch quickly to another approved recipe for which ingredients are available. It could therefore avoid delays. By carrying out procurement and training at the same time, the company further reduces the recipe-development cycle time. With the important efficiencies contained in this proposed process, cycle time could be reduced to six weeks—which should be a comfortable timeframe for developing and launching a new recipe every three months.

Think collaboratively



Now that your BPI team has created a new design for your problematic process, it's time to identify—and obtain—the resources you'll need to put the redesign into action.

Regardless of what business unit you work in, this phase may require you to collaborate with several other units or departments within your organization. If the scope of your proposed process change is large, you will likely work closely with one or more of the following groups:

- Human Resources (HR)
- IT
- Finance

When you finish this phase of your BPI initiative, you should have all the required resources on hand.

Understand resource types

Depending on the complexity and scope of your new process, the resources you'll need can vary dramatically. For example, a process change may require:

- **New or changed work roles.** With many BPI efforts, you may decide to use consultants or contractors to perform the redesigned process. Or you may change an existing employee's job responsibilities so that he or she now performs part of the redesigned process, or hire entirely new employees to carry out the process.

For example, a BPI team at SalesCo decides to create a more targeted selling process that requires breaking down the existing sales force into smaller territories. This means

that the company must hire several new salespeople for each of the reconfigured territories.

- **New equipment or technology.** Some process redesigns require new equipment or technology.

To illustrate, to make its product-design process more efficient, NewBrand has decided that designers need to be able to share their electronic files more easily with marketers and product developers. In addition, designers have to be able to reproduce hard copies of their designs more quickly than before. To support these changes, the company decides to acquire new graphics software and printing equipment.

- **New physical space where equipment and technology can reside or where people can carry out the process.**

For instance, the BPI team at NewBrand realizes that the company will need to designate space in the design department for the new printing equipment.

- **Support from information technology experts.**

For example, BigCo's new way of segmenting markets and conducting market research requires the addition of customer-relationship management (CRM) software modules to the organization's current customer databases. Several experts from BigCo's IT department will need to step in to ensure that the new software modules work well with the existing databases and to resolve any problems with functionality that may arise.

- **Training.**

To illustrate, once BigCo's new CRM modules are in place, the company will need to train marketers and customer-service personnel to use the new technology.

- **New management responsibilities and metrics.** A new process often creates new responsibilities that need to be incorporated into management activities.

For instance, a manager in a department that has overhauled a process may want to start evaluating his or her employees' performance according to new criteria related to the redesigned process.

Of course, many process changes are more minor, and require less substantial resources. For example, to implement his redesigned process for establishing new accounts, Joe may need people from HR to draft the job description for the new position of loan production coordinator. He may also need someone from IT to help ensure that the loan officers are using the right tools to enter customer information.

Obtain resources

Once you've identified the resources you'll need to implement your new process, take steps to acquire them. To build the infrastructure and gather the materials you'll need, you will likely need to work with other departments or business units.

For example:

- If your redesigned process requires extensive new equipment or technology, you will probably have to order these materials through your company's purchasing or IT department.

- If numerous people will need to receive training in using the new process, you may have to work with the human resources department to provide the required workshops or courses.
- However, if the redesigned process requires just one person to receive training in a relatively straightforward task that does not call for a change in job responsibilities, you may not need formal HR involvement. In this case, you may be able to simply ask another employee in your department to meet with the employee and explain the new task to him or her.

Toward using your new process

With your resources in place and the process design completed and tested, you're ready to implement your redesigned process. That is, you'll actually start using the new process within your organization.

Many experts maintain that implementation is the most difficult step in any BPI effort. To boost your chances of success, think of implementation as consisting of these parts:

- Understanding and addressing implementation obstacles
- Putting the new process into action

Understand implementation obstacles

“Difficulties mastered are opportunities won.”
—Winston Churchill

Before implementing your new process, it's useful to understand common obstacles to implementing a redesign and to ask yourself whether you've taken steps to avoid them. The table below shows some common obstacles—with several strategies for preventing them.

Common Implementation Obstacles

Obstacle	Explanation and Examples	Ways to Avoid
Resistance from employees	Any process change carries the implicit assumption that people were doing the wrong thing in the old process. So, you can expect some resistance to the new	Acknowledge employee concerns by pointing out how the new process solves the problems raised by the old process. Help employees see how they will benefit from

	<p>process from employees, particularly if there is no easy way for them to see the benefits of making the change.</p>	<p>adopting the new process. And clearly explain any changes in workloads and compensation that will come with the new process.</p>
Resistance from managers	<p>If a redesigned process crosses several departments or units, turf disputes can crop up when it comes time for implementation. Specifically, managers in some units may be unwilling to change the way they work in order to put the new process into action.</p>	<p>This issue needs to be addressed before implementation—during development and testing if possible. Managers need to see that supporting the new process will make their job easier or enable them to deliver better performance.</p> <p>To win their support, highlight the business problems that the current process is causing, their performance in the old process, their ability to improve that performance by using the new process, and how the new process will benefit them.</p>

No champion to push the effort	<p>Every process change requires a champion—the person who provides executive support to the project. In cases of a major process change, the CEO or a high-level leader may be the champion.</p> <p>The champion provides the executive authority to make changes to the process and to reallocate responsibilities.</p>	<p>If the project never had a champion, it should not have started in the first place. If the champion has changed or lost interest, however, remind him or her of the business value that the BPI effort will generate.</p> <p>Make sure the champion <i>visibly</i> demonstrates his or her support for the project to other managers and the employees involved. A memo or e-mail from the champion is not enough. People need to see that the champion will make the tough decisions required to achieve the goals.</p>
--------------------------------	---	---

You can avoid many implementation obstacles by laying the groundwork early in your BPI effort. For example, help managers and employees see the importance of changing the process, and involve them in the redesign. The more they participate, the more they will understand the value of the change and support its implementation. For example, asking people to take part in testing the new process will help them see that the change is feasible, and will get them on board for implementation.

Leadership Insight: Haste makes waste

I work in the pharmaceutical industry, and in the pharmaceutical industry we are bound by lots of different regulations by the health authorities. One of the regulations has to do with how do you

conduct investigations. An investigation is usually an activity that gets documented when something in your manufacturing process may have gone atypical.

And for investigations, the regulatory agencies have certain number of expectations: the quality of the investigation, the parts that investigation should have, and also the timeliness of the investigation.

In my company, at a given point in time we were taking, I will say, too long to close an investigation. The quality of the investigation may have been really good, but it was taking at times five months, six months to close an investigation.

Usually the industry target is to do investigations within a timeframe of 30 days. When you don't close an investigation within that timeframe, you can imagine a lot of the batches that you will need to release to your next customer will have to take longer because you have to have an investigation closed before you can release a batch.

Management was really concerned with how long it was taking us to release these batches. So we went to a room to do process improvement: "We're going to fix this, we're going to figure out what we are doing that is not allowing us to finish in time."

And we went through a brainstorming session. We were excited, very excited. We come out with at least a hundred activities that we would do to make these investigations close in a timely manner.

Well, we went out, and for the next month, investigations were closing in a timely manner. We were excited; we thought we had accomplished that task. The following month, everything went back to square one.

We were puzzled. What was going wrong? We thought we were doing the right thing; everybody knew that we had this team that was going to save the world, if you will — and it didn't work.

And one thing we learned from this lesson is, first, we rushed it. And in process improvement, I think one of the key lessons that I learned is that you cannot rush it. You really need to understand where you are, which I'm going to call point A, and what is that point B you need to be at.

And point B could get defined by what your management needs. What are the timeframes that you need? Who are the customers that need to be involved? What are the regulatory expectations or any other agency that may have expectations?

And you need to apply a lot of the scientific concepts that are out there already — that are available already — that allow you to do process improvement in a scientific manner that will increase your chances for success. And that was the key lesson that we learned with this particular project.

Need to speed up process? Take the time to get it right.

Esther Alegria

Vice President of Manufacturing and General Manager, Biogen Idec.

Esther Alegria is the Vice President of Manufacturing and the General Manager for Biogen Idec, a Pharmaceutical and Biotech industry leader.

She began her career in the pharmaceutical industry as a Quality Control Technician at American Cyanamid and Warner Lambert.

For 11 years, Esther also worked for Wyeth Biotech in multiple capacities, including the development of quality control testing and as the Associate Director of Quality Assurance.

Prior to her current position as Vice President of Manufacturing for Biogen Idec, she served the company as Associate Director of Product Quality Management and Director of Quality Assurance/Quality Control.

Esther completed her doctorate in chemistry at the University of Hawaii.

Put the new process into action

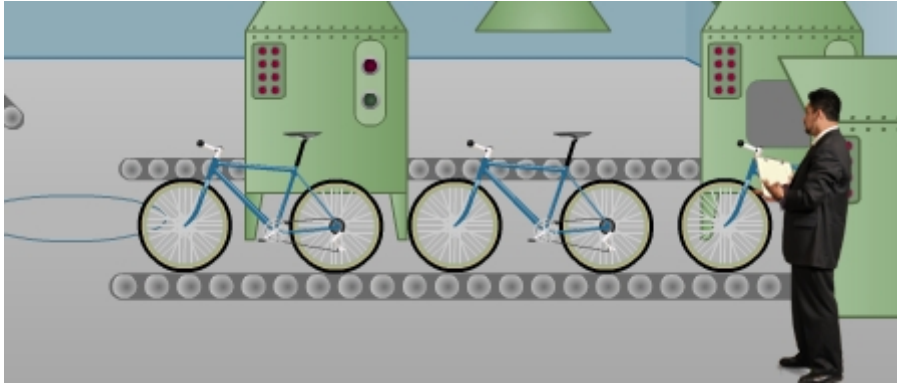
When you're ready to put your new process into action, apply these steps:

1. **Communicate.** Get the message out about the upcoming implementation of the new process. Give people—managers, employees, and other people involved in the process—time to understand or reaffirm why the new process is needed, what it is, how things will be different and better, who was involved in the project, and what will happen when the new process becomes part of everyday operations. In most cases, you cannot *overcommunicate* this information.
2. **Educate and familiarize.** Build a more detailed understanding of how the new process works through role-play, practice, and simulation. Just as you used these techniques during phase three (redesigning the problematic process), you can use them now to test (or to demonstrate) how well your new process works. For instance, if you decide to practice the new process, ask everyone who will be working in that process to try it out exactly as it's meant to unfold. During the practice, watch for problems, and then decide how to eliminate them.
3. **Pilot (if necessary).** If you suspect that the new process may still have some difficulties that need to be worked out, pilot it. During a pilot, you run the new process as you would under actual business circumstances, but you limit the scope of the process. For example, you might try the new process with just one group of customers, one sales region, or one product category. You can also constrain the pilot by time; for instance, by running it for several months and then assessing its effectiveness.

Pilots are riskier than role-play, practice, and simulation, because they involve actual customers, products, or services. However, if you monitor pilots closely, you can fix problems as soon as they occur—while gaining valuable feedback that will help improve the process. One other advantage of using pilots is that the people participating in the pilot will be able help train others when you roll the new process out to other regions, products, and customer groups. Pilots also give skeptics the opportunity to observe the new process in action—and to reassure themselves that it is effective.

4. **Implement.** Put the new process into production by declaring the start of new operations. Begin to gather data on the new performance measures related to the process, and be available to answer questions and support people as they change the way they work. Recognize that there will be a learning curve and that people will need time to get the process right.
5. **Break from the past.** Remove the artifacts of the old process to reduce any temptation to shift back into previous habits. These artifacts may include old forms, paper stock, equipment, signage, and so forth. Removing these items sends a clear message that the new process is here to stay.

Toward continual improvement



You've implemented your new process. Now you face another challenge: ensuring that the redesigned process continues to deliver the results you want. You now need to establish a system for continually monitoring—and improving—your process's performance. That means identifying problems as they come up and making the changes needed to correct those problems.

To continually improve your process, you:

1. Measure process performance according to the metrics you've chosen.
2. Identify and take needed action.
3. Update your performance metrics and targets as necessary.

Measure process performance

In your redesign phase (phase 3), you established metrics for measuring your new process's performance. You'll use those metrics (along with their associated targets, or specific desired performance) to monitor the new process and make changes as needed to continually improve it.

The table below highlights examples of the metric types you may be working with. It also provides examples of metrics, targets, and types of performance data gathered.

Metrics, Targets, and Data

Metric Type	Example	Possible Target	Data and Source
Quality: Is the new process's outcome free of errors or defects?	For a redesigned process intended to make a piece of equipment more reliable, a	No more than two breakdowns per month.	Monthly breakdown reports from manufacturing personnel.

	metric may be: number of breakdowns per month.		
Cycle time: Does the process produce its intended outcome in a timely manner?	For a new process intended to speed up hiring, one metric might be: number of weeks to fill open position.	No more than four weeks to fill position.	Information on timeliness from hiring managers after each position is filled.
Customer satisfaction: Are customers satisfied with the process's outcome?	For a new process intended to improve customers' experience with your team, a metric might be: number of times customer calls service department before their problem is resolved.	One phone call needed to resolve customer problem.	Customer satisfaction survey results; call center records.
Cost: Does the process produce its intended outcome in a cost-effective manner?	For a redesigned process intended to improve the return on investments in consulting services,	Between \$15,000 and \$20,000 spent on consultants per month.	Monthly expense reports from managers who use consultants.

	one metric might be: amount spent per quarter on consultants.		
--	---	--	--

Activity: Pick the right process metrics

Can you match a metric to the process it measures?

Which aspect of a business process's performance would this metric best measure?

Accounts payable process: Amount billed per quarter by third-party vendors

☐ Quality

Not the best choice. "Cost" is the correct choice. Payments to vendors would affect the cost of a business process intended to improve the company's use of its assets; for example, outsourcing non-core business activities.

☐ Cycle Time

Not the best choice. "Cost" is the correct choice. Payments to vendors would affect the cost of a business process intended to improve the company's use of its assets; for example, outsourcing non-core business activities.

☐ Customer Satisfaction

Not the best choice. "Cost" is the correct choice. Payments to vendors would affect the cost of a business process intended to improve the company's use of its assets; for example, outsourcing non-core business activities.

☐ Cost

Correct choice. Payments to vendors would affect the cost of a business process intended to improve the company's use of its assets; for example, outsourcing non-core business activities.

Which aspect of a business process's performance would this metric best measure?

Customer service process: Days required to repair damaged product

☐ Quality

Not the best choice. "Cycle Time" is the correct choice. Days required to repair a damaged product would help you measure the cycle time of a process intended to enhance after-sales service operations.

☐ Cycle Time

Correct choice. Days required to repair a damaged product would help you measure the cycle time of a process intended to enhance after-sales service operations.

- ☐ Customer Satisfaction

Not the best choice. "Cycle Time" is the correct choice. Days required to repair a damaged product would help you measure the cycle time of a process intended to enhance after-sales service operations.

- ☐ Cost

Not the best choice. "Cycle Time" is the correct choice. Days required to repair a damaged product would help you measure the cycle time of a process intended to enhance after-sales service operations.

Which aspect of a business process's performance would this metric best measure?

Technical support process: Number of times phone rings in call center before staff member picks up

- ☐ Quality

Not the best choice. "Customer Satisfaction" is the correct choice. The number of times the phone rings before it's picked up affects customer satisfaction in any process involving direct contact with customers—such as technical support for products purchased.

- ☐ Cycle Time

Not the best choice. "Customer Satisfaction" is the correct choice. The number of times the phone rings before it's picked up affects customer satisfaction in any process involving direct contact with customers—such as technical support for products purchased.

- ☐ Customer Satisfaction

Correct choice. The number of times the phone rings before it's picked up affects customer satisfaction in any process involving direct contact with customers—such as technical support for products purchased.

- ☐ Cost

Not the best choice. "Customer Satisfaction" is the correct choice. The number of times the phone rings before it's picked up affects customer satisfaction in any process involving direct contact with customers—such as technical support for products purchased.

Which aspect of a business process's performance would this metric best measure?

Manufacturing process: Percent decrease in materials waste per month

- ☐ Quality

Not the best choice. "Cost" is the correct choice. A decrease in materials waste represents greater cost-effectiveness in any manufacturing process.

☐ Cycle Time

Not the best choice. "Cost" is the correct choice. A decrease in materials waste represents greater cost-effectiveness in any manufacturing process.

☐ Customer Satisfaction

Not the best choice. "Cost" is the correct choice. A decrease in materials waste represents greater cost-effectiveness in any manufacturing process.

☐ Cost

Correct choice. A decrease in materials waste represents greater cost-effectiveness in any manufacturing process.

Which aspect of a business process's performance would this metric best measure?

Budgeting process: Weeks required to finalize departmental budget

☐ Quality

Not the best choice. "Cycle Time" is the correct choice. The number of weeks it takes to finalize a departmental budget helps you measure the cycle time of the budgeting process.

☐ Cycle Time

Correct choice. The number of weeks it takes to finalize a departmental budget helps you measure the cycle time of the budgeting process.

☐ Customer Satisfaction

Not the best choice. "Cycle Time" is the correct choice. The number of weeks it takes to finalize a departmental budget helps you measure the cycle time of the budgeting process.

☐ Cost

Not the best choice. "Cycle Time" is the correct choice. The number of weeks it takes to finalize a departmental budget helps you measure the cycle time of the budgeting process.

Which aspect of a business process's performance would this metric best measure?

Magazine editing process: Number of magazine subscribers who renew

☐ Quality

Not the best choice. "Customer Satisfaction" is the correct choice. Number of renewed subscriptions tells you how satisfied customers are with the magazine. An increase in renewals means greater satisfaction.

☐ Cycle Time

Not the best choice. "Customer Satisfaction" is the correct choice. Number of renewed subscriptions tells you how satisfied customers are with the magazine. An increase in renewals means greater satisfaction.

☐ Customer Satisfaction

Correct choice. Number of renewed subscriptions tells you how satisfied customers are with the magazine. An increase in renewals means greater satisfaction.

☐ Cost

Not the best choice. "Customer Satisfaction" is the correct choice. Number of renewed subscriptions tells you how satisfied customers are with the magazine. An increase in renewals means greater satisfaction.

Which aspect of a business process's performance would this metric best measure?

Manufacturing process: Number of machine breakdowns per month

☐ Quality

Correct choice. Fewer machine breakdowns means higher quality (as measured by number of defects or errors) in a manufacturing process.

☐ Cycle Time

Not the best choice. "Quality" is the correct choice. Fewer machine breakdowns means higher quality (as measured by number of defects or errors) in a manufacturing process.

☐ Customer Satisfaction

Not the best choice. "Quality" is the correct choice. Fewer machine breakdowns means higher quality (as measured by number of defects or errors) in a manufacturing process.

☐ Cost

Not the best choice. "Quality" is the correct choice. Fewer machine breakdowns means higher quality (as measured by number of defects or errors) in a manufacturing process.

Which aspect of a business process's performance would this metric best measure?

Report creation process: Readability of a financial report

☐ Quality

Correct choice. When a financial report is more readable owing to fewer errors, the quality of the process used to prepare the report is higher.

☐ Cycle Time

Not the best choice. "Quality" is the correct choice. When a financial report is more readable owing to fewer errors, the quality of the process used to prepare the report is higher.

☐ Customer Satisfaction

Not the best choice. "Quality" is the correct choice. When a financial report is more readable owing to fewer errors, the quality of the process used to prepare the report is higher.

☐ Cost

Not the best choice. "Quality" is the correct choice. When a financial report is more readable owing to fewer errors, the quality of the process used to prepare the report is higher.

Track the process's performance

The process owner may want to regularly "walk the process" to assess performance—chatting with people who work in the process, observing individual tasks, and checking conformance to procedures.

The process owner should also keep a "dashboard"—or graphical representation—showing the metrics used to track the process's performance, as well as the data indicating actual performance against targets. By prominently displaying this dashboard, the owner can ensure that everyone who works in the process is continually aware of how it's performing.

The table below shows what the dashboard for Joe's redesigned loan-application process might look like.

Metric	Target	Actual Performance	Comment
Average time to complete a loan application.	24 hours from receipt of a completed application.	36 hours on average.	The underwriting department continues to reject loans due to incomplete documentation.
Percentage of complete applications received.	80% of initial applications include all documentation needed to process the loan.	69% of initial applications include all documentation needed to process the loan.	Loan officers are not providing the documentation checklist on all occasions.

Average number of open customer questions.	Zero: All customer questions are answered at the time they are received.	150 open customer questions.	The number is declining from an average of 300 open calls per month.
--	--	------------------------------	--

Take needed action

If the process's actual performance falls short compared to targeted performance, you and your BPI team may consider whether action is needed to address the shortfalls.

In some cases, you may decide not to take action.

For example, Joe opts not to do anything different to address the 150 open customer questions at this point. That's because the number is declining from an average of 300, and he expects it to eventually move toward zero as the process continues to operate.

With other performance shortfalls, you may decide that action is required.

For instance, Joe's BPI team determines to make some changes in how the loan officers work so that the percentage of complete applications received moves closer to the targeted 80%.

When team members explore ideas for actions that might further improve the process, ensure that they submit their ideas to the process owner rather than trying to make changes themselves. The process owner is best suited to evaluate particular changes, since he or she will consider the possible impact on other processes and departments—and keep "the big picture" in mind.

Leadership Insight: Simplicity

I believe in simplicity. For example, if I exercise every day, have a balanced diet, sleep well, and have a good work/life balance, I know I'll have a long, healthy life. That's the philosophy of my life. And I apply this principle to any business process, and I've come out successful so far.

That is, take any business process, identify the key metrics and monitor them on a daily basis. The key is to have the discipline to monitor on a daily basis, and then have certain control limits.

So if a metric is drifting or getting out of control, take action immediately such that the metric comes in control. As a result, you will always have a stable, sustainable process. And stable, sustainable processes, just like a healthy body, will always result in good results.

So that's the whole story. Now, the actions which you take for making sure that the process is stable will lead to ideas for process improvement. It's that simple.

So the whole model is about simplicity. That is, identify the key metrics, monitor on a daily basis, make sure they're in control, and the actions you take to make sure they're in control will lead to process improvement. It's that simple.

A disciplined personal life is a good model for an effective business process.

Srikanth Kommu

Director of Research and Development, MEMC Electronic Materials, Inc.

Srikanth Kommu has served as Director of Research and Development at MEMC Electronic Materials, Inc., since 2005. MEMC is a global leader in the manufacture and sale of wafers and related intermediate products to the semiconductor and solar industries. The wafers manufactured by MEMC are the foundation upon which the world's semiconductors and solar cells are built.

He was previously a Senior Engineer in the Logic Technology Development Division at Intel. He received his Bachelor of Science in chemical engineering at Banaras Hindu University's Institute of Technology and both his Master of Science and doctorate degrees in chemical engineering from Washington University in St. Louis. In 2009, Srikanth completed the General Management Program at Harvard Business School.

Revise your metrics and targets as needed

As time passes, new business circumstances may suggest the need to revise the performance metrics and targets you've established for your redesigned process.

For example, as competition in the financial services industry intensifies, Joe's BPI team determines that a target of "80% of initial applications include all documentation needed to process the loan" is not high enough to maintain the company's competitive edge. The team decides to raise the target performance to 95%.

As you might have concluded by now, BPI takes patience and discipline. But the benefits are well worth the effort. By continually honing the business processes in your work unit, you generate new efficiencies, improve productivity, and cut costs—all of which benefit your group *and* your company overall.

Overview

This section provides interactive exercises so you can practice what you've learned. These exercises are self-checks only; your answers will not be used to evaluate your performance in the topic.

Scenario

Assume the role of a manager in a fictional situation and explore different outcomes based on your choices (5-10 minutes).

Check Your Knowledge

Assess your understanding of key points by completing a 10-question quiz (10 minutes).

Scenario: Part 1

Part 1

Lynn was recently hired to head an 8-person regional sales team at Xtreme Gear— a sporting goods company that sells its products to retail stores around the country. An avid white-water kayaker, Lynn has a strong independent spirit. In fact, one of the reasons she took the job was the team's culture and its emphasis on autonomy.

Lynn's salespeople relish their work. Yet when Lynn's boss compares her team's performance against that of other teams, some troubling facts emerge. In other Xtreme Gear regional teams, each salesperson is currently managing an average of 45 accounts, while Lynn's group averages just 35 accounts per salesperson. Equally disturbing, other regions have been growing their total number of accounts by about 10% every month. By contrast, Lynn's group is growing by just 5% a month.

Lynn is acutely aware that something needs to change. But she's not sure how to begin tackling the problem.

How should Lynn address her team's lukewarm performance?

- Conclude that her salespeople don't seem to be working to capacity. Challenge them to work harder to attract new accounts (for example, by making more sales calls). Reinforce the message by replacing the sales reps who are currently managing the fewest accounts.

Not the best choice.

If Lynn took these steps, she'd be making an all-too-common mistake: blaming performance problems on people, not processes. When performance problems crop up in a team, many managers look for someone to blame. They may even replace individuals supposedly at fault (a costly and disruptive response). But then the same problem arises again later. That's because most organizational difficulties stem from problematic processes—not incompetent individuals. To improve her team's performance, Lynn will need to treat the *process* problem that's at the root of the lukewarm performance. Simply pushing her people to work harder and replacing seemingly incompetent performers won't be likely to generate long-term improvement.

- Decide that her sales reps could benefit from adopting a cutting-edge sales-management software tool that has received rave reviews. Put together a business case to support adopting the new technology, which would help salespeople track leads, customer contacts, and other detailed information much more easily than they do now.

Not the best choice.

If Lynn took this course of action, she would be making a common mistake: believing that adopting new technology will raise performance. Many managers blame performance problems on technology, not processes. When performance difficulties crop up in a team, the manager may feel compelled to invest in new technology to try to overcome the problem (a costly and potentially disruptive response). But then the same issue only surfaces again later. That's because most organizational difficulties stem from problematic processes—not inadequate technology. To improve her team's performance, Lynn will need to treat the *process* problem that's at the root of the lukewarm performance. Merely adopting the latest sales-management technology won't be likely to generate long-term improvement.

- Determine that there's something different about the way her salespeople manage their accounts, compared with the approaches used by reps in the other regional teams. Resolve to interview her sales reps to find out precisely how they carry out their job responsibilities.

Correct choice.

Lynn has made a wise decision. Rather than blaming performance problems on supposedly incompetent people or inadequate technology, she has set out to treat the *process* problem that's at the root of her team's lukewarm performance. When performance problems crop up in a team, too many managers look for individuals or technologies to blame. They replace seemingly incompetent people or invest in new technology to try to overcome the problem—both of which are costly and disruptive responses. But then they see the same problem again later. That's because most organizational difficulties stem from problematic processes—not incompetent people or inadequate technology. By treating the process problem at hand, Lynn stands a much better chance of generating long-term improvements in her group's performance.

Scenario: Part 2

Part 2

Lynn interviews several of her salespeople to see how they carry out their job responsibilities. From these interviews, she learns that each salesperson manages his or her own calendar, scheduling as many customer visits as possible during the work day. Between visits, they try to phone and email other current and potential customers to schedule future sales calls.

Lynn uses what she has learned to create an "as is" flowchart depicting the process her sales reps employ to book sales calls. The map brings an important problem into sharp focus: The

more visits a sales rep makes during the day, the less time he or she has to contact existing and potential accounts to arrange future visits. Less time spent scheduling new sales calls means fewer visits being booked. And fewer visits means fewer accounts acquired and slower growth in new accounts.

Lynn realizes that the process for scheduling sales calls needs to be redesigned if her team hopes to improve its performance. But she's unsure of how to proceed.

How should Lynn proceed with the process redesign?

- Show the "as is" process flowchart to several team members, her boss, and peer managers. Ask them to contribute their thoughts about which parts of the existing sales-call scheduling process should be changed to improve performance.

Not the best choice.

In talking with people about redesigning the problematic process, Lynn shouldn't show them the "as is" flowchart: Doing so could cause her and others who see the map to become overly influenced by the status quo. To avoid this scenario, Lynn should set aside the "as is" map and instead encourage everyone to envision a better process. She can help generate a wide range of ideas in brainstorming sessions by asking people to explore questions such as "How would we *like* this process to work, in an ideal world?" "How can we achieve more of our goals?" and "What could we do to exceed performance expectations?"

- Raise this issue with several of her longstanding sales reps. Encourage them to describe how they would like the sales-call scheduling process to work in an ideal world. Then ask them to brainstorm ways to make the envisioned process real.

Correct choice.

By imagining how they'd like the sales-call scheduling process to work in an ideal world, Lynn and her sales reps have a good chance of brainstorming creative ideas for either redesigning the process or replacing it with an entirely new one. Envisioning a better process helps them start with an open mind, reducing the risk that they'll be overly influenced by the status quo.

- Look for obvious and easy-to-implement solutions that will quickly make the sales-call scheduling process more effective. For example, require salespeople to set aside time every late afternoon or early evening, after visiting customers, to contact additional accounts they want to visit.

Not the best choice.

Lynn shouldn't unilaterally decide how to redesign the sales-call scheduling process, because she might miss out on valuable ideas

from the people who regularly work in the process, as well as from other stakeholders. To get a wider range of potentially helpful ideas, she needs to brainstorm possible solutions with other individuals—for example, her sales reps, her supervisor, or any other people who may have useful insights. A helpful step is for Lynn and the others to imagine how they'd like the sales-call scheduling process to work in an ideal world. By envisioning the best possible process, they can then brainstorm ways to make that vision real.

Scenario: Part 3

Part 3

Lynn schedules a meeting with several longstanding sales reps from her team. She encourages them to describe how they would like the sales-call scheduling process to work, ideally.

One sales rep says, "In a perfect world, we'd have enough time to visit customers *and* schedule additional calls—without having to work overtime every day." Another adds: "It would be great if we could reach customers by phone or email at the time of day that best suits their schedules."

After considering these and additional ideas offered during the meeting, Lynn and the sales reps come to a decision: The best way to realize the envisioned ideal process is to centralize all sales-call scheduling for the team.

Lynn agrees to hire a sales-force coordinator. The new employee will contact current and potential accounts by phone or email on behalf of each sales rep, schedule upcoming visits, and update the sales reps' calendars.

Lynn is pleased with this solution. However, she's also aware that implementing a new process can be challenging. She wonders how best to proceed.

What's the *first* action Lynn should take before implementing the new process?

- Immediately email all her sales reps to announce the change. In the email, explain in clear, comprehensive detail how the new process will work.

Not the best choice.

Imposing the new process on her team will likely backfire, since her group has a strong culture of self-direction and autonomy. Many of the reps may resist the change if they feel uncomfortable relinquishing control of their calendars to a sales-force coordinator. Their resistance could make it difficult—if not impossible—for Lynn to implement the process redesign.

- Present the redesign plan to the rest of her sales reps, explain why it will be good for them, and invite their input.

Correct choice.

By presenting the redesign to all her sales reps, explaining how they will benefit from it, and inviting their input, Lynn may get additional ideas from the reps on how to make the new process even better. Also, this approach will boost her chances that the reps will embrace the new process. When people have contributed ideas to a new process, they're more likely to commit to it. And when they know "what's in it for them" (for example, "We'll each be able to manage more accounts and get bigger bonuses"), their commitment to the new process may grow even stronger.

- Pilot the new process by asking the current department administrator to fill the role of sales-force coordinator for two weeks by scheduling sales calls for the reps.

Not the best choice.

Although Lynn may eventually want to pilot the new process, she should first present the redesign plan to the rest of her sales reps, explain why it will be good for them, and invite their input. This step may result in additional valuable ideas for further improving the process. Once the design has been refined, Lynn may decide to pilot the new process. Through piloting, Lynn and her employees would be able to identify potential problems and make changes before Lynn invests in the resources (such as the new hire) needed to implement the final redesign.

If Lynn needs approval for a new hire from her supervisor, a pilot can help demonstrate the need for the new position. A pilot can also help gain buy-in for the redesign from the sales reps. When they see how much more effective they can be when their sales-call scheduling is centralized, they will be more likely to support the new process.

Scenario: Conclusion

Conclusion

Lynn presents the redesign plan to the rest of her sales reps, explains how it will benefit them, and invites their input. They offer several ideas that she incorporates into the process redesign. Then she pilots the new process by asking the department administrator to fill the role of sales-force coordinator for several weeks. The pilot generates additional ideas for refining the process even further.

Six months later, with the new sales-force coordinator in place, Lynn's team has begun seeing measurable results from the redesigned process. The average number of accounts managed by each sales rep has risen from 35 to 41, and sales reps are acquiring more new accounts per month than they did in the previous year.

There are still a few snags in the redesigned process. For example, the sales-force coordinator occasionally neglects to update a sales rep's calendar after scheduling a customer visit. But Lynn's team, committed to continual process improvement, has already begun exploring additional process changes to correct the problem.

Activity: Check Your Knowledge: Question 1

A business process consists of three components. Two of them are inputs and activities. What is the third component called?

- **Products**

Not the best choice.

Though some business processes end in the creation of products, this is not the correct term for the third component of a business process. The correct term is "outputs." Inputs start a process, and activities transform those inputs into outputs. For example, inputs for the process of building a house would include lumber, cement, and other materials. Activities would include digging the foundation and raising the walls. And the output would be the finished house.

- **Outputs**

Correct choice.

Inputs start a process, and activities transform those inputs into outputs. For example, inputs for the process of building a house would include lumber, cement, and other materials. Activities would include digging the foundation and raising the walls. And the output would be the finished house.

- **Artifacts**

Not the best choice.

Artifacts are checklists and other documents that enable an existing business process, not the name for the third component of a business process. The correct term is "outputs." Inputs start a process, and activities transform those inputs into outputs. For example, inputs for the process of building a house would include lumber, cement, and other materials. Activities would include digging the foundation and raising the walls. And the output would be the finished house.

Check Your Knowledge: Question 2

A business process can be thought of as a series of events that bring together three elements in ways that create valuable outcomes. Two of those elements are people and technology. What is the third element?

- **Information**

Correct choice.

People, technology, and information interact in business processes. For example, people carry out the activities in a process that transform the process's inputs into outputs. Technology can facilitate process activities, such as when a person e-mails a customer or retrieves customer data from a database. And information can be a process input (such as the number of parts in a warehouse) or an output (for instance, a consultant's report). Information is all around people who work in a process—stored in a database, provided by a customer, or held in a person's mind.

- **Equipment**

Not the best choice.

Business equipment (such as computer programs and copy machines) is the same as technology, so it is not the third element. The third element is information. People, technology, and information interact in business processes. For example, people carry out the activities in a process that transform the process's inputs into outputs. Technology can facilitate process activities, such as when a person e-mails a customer or photocopies a customer order. And information can be a process input (such as the number of parts in a warehouse) or an output (for instance, a consultant's report). Information is all around people who work in a process—stored in a database, provided by a customer, or held in a person's mind.

- **Funding**

Not the best choice.

Though funding may influence some business processes, it is not the third element in addition to people and technology that interact to create valuable outcomes. The third element is information. People, technology, and information interact in business processes. For example, people carry out the activities in a process that transform the process's inputs into outputs. Technology can facilitate process activities, such as when a person e-mails a customer or photocopies a customer order. And information can be a process input (such as the number of parts in a warehouse) or an output (for instance, a consultant's report). Information is all around people who work in a process—stored in a database, provided by a customer, or held in a person's mind.

Check Your Knowledge: Question 3

Which of the following is not something that would likely trigger a business process improvement effort?

- **Problematic performance in a team**

Not the best choice.

Problematic performance in a team actually *is* something that would likely trigger a business process improvement effort. The correct answer is "The hiring of a new manager in a department"—because while a newly hired manager may want to eventually improve one or more processes in his or her department, this is not an event that typically triggers a business process improvement effort. More likely triggers are inefficiencies or declining performance in a team, department, or organization, as well as major changes in the business landscape (such as significant shifts in customer preferences, the emergence of new competitors, and the advent of new technologies).

- A major shift in customer preferences

Not the best choice.

A major shift in customer preferences actually *is* something that would likely trigger a business process improvement effort. The correct answer is "The hiring of a new manager in a department"—because while a newly hired manager may want to eventually improve one or more processes in his or her department, this is not an event that typically triggers a business process improvement effort. More likely triggers are inefficiencies or declining performance in a team, department, or organization, as well as major changes in the business landscape (such as significant shifts in customer preferences, the emergence of new competitors, and the advent of new technologies).

- The hiring of a new manager in a department

Correct choice.

While a newly hired manager may want to eventually improve one or more processes in his or her department, this is not an event that typically triggers a business process improvement effort. More likely triggers are inefficiencies or declining performance in a team, department, or organization, as well as major changes in the business landscape (such as significant shifts in customer preferences, the emergence of new competitors, and the advent of new technologies).

Check Your Knowledge: Question 4

What is the third phase of a business process improvement (BPI) effort?

- Redesign the existing process

Correct choice.

A BPI effort consists of six phases: (1) plan (select a process to improve), (2) analyze (examine the selected process), (3) redesign (determine what changes you want to make to the target process), (4) acquire resources (obtain the personnel, equipment, and other resources needed to make the process changes you've identified), (5) implement (carry out the process changes), and (6) continually improve (constantly evaluate the new process's effectiveness and make further changes as needed).

- Analyze the existing process

Not the best choice.

This is the second phase in a BPI effort, not the third. The third phase is "redesign." A BPI effort consists of six phases: (1) plan (select a process to improve), (2) analyze (examine the selected process), (3) redesign (determine what changes you want to make to the target process), (4) acquire resources (obtain the personnel, equipment, and other resources needed to make the process changes you've identified), (5) implement (carry out the process changes), and (6) continually improve (constantly evaluate the new process's effectiveness and make further changes as needed).

- [Acquire resources needed to implement the new process](#)

Not the best choice.

This is the fourth phase in a BPI effort, not the third. A BPI effort consists of six phases: (1) plan (select a process to improve), (2) analyze (examine the selected process), (3) redesign (determine what changes you want to make to the target process), (4) acquire resources (obtain the personnel, equipment, and other resources needed to make the process changes you've identified), (5) implement (carry out the process changes), and (6) continually improve (constantly evaluate the new process's effectiveness and make further changes as needed).

Check Your Knowledge: Question 5

Maria is assembling a team to carry out a major business process improvement project. She has selected a project manager and process owner, as well as several individuals who work directly in the process that will be improved. She has also identified a facilitator and technology expert to serve on the team. Whom has she left out?

- [A person who will take responsibility for ensuring that the project achieves its goals](#)

Not the best choice.

Maria has already chosen the individual who will take responsibility for ensuring that the project achieves its goals: That's the project manager. The correct answer is "Several individuals who will stimulate productive debate over ideas for how to redesign the process." In addition to the team members Maria has already chosen, she should also select one or more skeptics—people who will challenge the design process and thus foster productive debate over ideas.

- [Someone to track the improved process's performance](#)

Not the best choice.

Maria has already chosen the individual who will track the improved process's performance: That's the process owner. The correct answer is "Several individuals who will stimulate productive debate over ideas for how to redesign the process." In addition to the team members Maria has already chosen, she should also select one or more skeptics—people who will challenge the design process and thus foster productive debate over ideas.

- [Several individuals who will stimulate productive debate over ideas for how to redesign the process](#)

Correct choice.

In addition to the team members Maria has already chosen, she should also select one or more skeptics—people who will challenge the design process and thus stimulate productive debate over ideas.

Check Your Knowledge: Question 6

You've created an "as is" flowchart for a process you want to improve. The chart shows all the steps in the process, along with the job titles of the people who carry out those steps. What type of flowchart have you created?

- [Macro](#)

Not the best choice.

A macro "as is" flowchart typically shows just the few critical elements of a process—not all the steps and not the job titles of the people who carry out those steps. The correct answer is "Functional activity." A functional activity "as is" flowchart depicts the more detailed steps in a process. It also shows the job titles of the people working in the process and the activities performed by each individual. A functional activity flowchart enables you to examine each component of the process and identify points where the process experiences delays or other problems.

- [Functional Activity](#)

Correct choice.

A functional activity "as is" flowchart depicts the more detailed steps in a process. It also shows the job titles of the people working in the process and the activities performed by each individual. A functional activity flowchart enables you to examine each component of the process and identify points where the process experiences delays or other problems.

- [Diamond](#)

Not the best choice.

A diamond is not a type of flowchart; it is a symbol in a process flowchart that represents a review or decision that a person or technology must conduct or make. The correct answer is "Functional activity." A functional activity "as is" flowchart depicts the more detailed steps in a process. It also shows the job titles of the people working in the process and the activities performed by each individual. A functional activity flowchart enables you to examine each component of the process and identify points where the process experiences delays or other problems.

Check Your Knowledge: Question 7

Tom and his BPI team are brainstorming ways to improve a process. They've explored two questions: "How might we cut costs associated with this process?" and "Are there changes we could make to

reduce the process's cycle time?" What other question should they be sure to ask themselves in order to envision a better process?

- "How might we improve the process to make it easier for our customers to do business with us?"

Correct choice.

In addition to asking questions about costs and cycle time, asking how you might make customers happier by changing the process can help you and your BPI team generate valuable ideas for redesigning the process. To explore this question, encourage members of your BPI team to envision a better process from the perspective of your customer—asking what customers might want from the process in terms of accuracy, convenience, and other forms of value.

- "Would the potential changes we're exploring require too many organizational changes?"

Not the best choice.

Though you will eventually consider the organizational implications of the process changes you'd like to make, you don't want to do this while you're trying to envision a better process. That's because considering organizational implications could impede brainstorming. Instead, ask how you might improve the process to make it easier for your customers to do business with you. Thinking about ways to make customers happier through changing the process can help you and your BPI team generate valuable ideas for redesigning the process. To explore this question, encourage members of your BPI team to envision a better process from the perspective of your customer—asking what customers might want from the process in terms of accuracy, convenience, and other forms of value.

- "Which individuals carry out which steps in our current process?"

Not the best choice.

Tom and his BPI team should already have determined which individuals carry out which steps in the process, while they were analyzing the current process and creating an "as is" flowchart. To envision a better process, they should now augment their questions about cost and cycle time by asking how they might improve the process to make it easier for their customers to do business with them. Thinking about ways to make customers happier by changing the process can help a BPI team generate valuable ideas for redesigning the process. To explore this question, Tom could encourage members of his BPI team to envision a better process from the perspective of their customer—asking what customers might want from the process in terms of accuracy, convenience, and other forms of value.

Check Your Knowledge: Question 8

As the director of operations, you're working on a BPI effort with a large scope. In addition to the human resources and information technology departments, which additional function will you most likely need to collaborate with in order to get the resources you need to implement your new process?

- Finance

Correct choice.

With large-scope process changes, you will likely need to work closely with the HR, IT, and finance groups to obtain resources needed for implementing the new process. For example, perhaps you'll need the HR group to design a program for training people in the new process. You may want the IT group to help you install any new technology required by the redesigned process. And you may have to present a compelling business case for your new process to the finance department to receive funding for implementation of the process.

- **Marketing**

Not the best choice.

Though some process changes may require you to collaborate with the marketing group, a large-scope BPI effort typically requires you to collaborate with the finance group in addition to HR and IT. For example, you may have to present a compelling business case for your new process to the finance department to receive funding for implementation of the process. Perhaps you'll also need the HR group to design a program for training or staffing people in the new process. And you may want the IT group to help you install any new technology required by the redesigned process.

- **Sales**

Not the best choice.

Though some process changes may require you to collaborate with the sales team, a large-scope BPI effort typically requires you to collaborate with the finance group in addition to HR and IT. For example, you may have to present a compelling business case for your new process to the finance department to receive funding for implementation of the process. Perhaps you'll also need the HR group to design a program for training people in the new process. And you may want the IT group to help you install any new technology required by the redesigned process.

Check Your Knowledge: Question 9

You've decided to redesign a process in ways that you expect may trigger resistance from some employees. Which of the following would *not* help you overcome that resistance?

- **Point out how the new process will solve problems created by the old process.**

Not the best choice.

Pointing out how the new process will solve problems created by the old process actually *would* help you overcome employees' resistance to the redesign. The correct answer is "Clearly explain how people were operating incorrectly in the old process." This action would not help you overcome resistance to a new process. By explaining how people were operating incorrectly in the old process, you would likely intensify, not lessen, their resistance, because you could spark defensiveness in employees.

- **Clearly explain how people were operating incorrectly in the old process.**

Correct choice.

By explaining how people were operating incorrectly in the old process, you would likely intensify, not lessen, their resistance, because you could spark defensiveness in employees. To overcome resistance, it's better to point out how the new process will solve problems created by the old process and to show employees how they will benefit from adopting the new process.

- Show employees how they will benefit from adopting the new process.

Not the best choice.

Showing employees how they will benefit from adopting the new process actually *would* help you overcome their resistance to the redesign. The correct answer is "Clearly explain how people were operating incorrectly in the old process." This action would not help you overcome resistance to a new process. By explaining how people were operating incorrectly in the old process, you would likely intensify, not lessen, their resistance, because you could spark defensiveness in employees.

Check Your Knowledge: Question 10

At one stage in a business process improvement effort, the process owner creates a "dashboard." What is the purpose of the dashboard?

- To help the BPI team decide which of several business processes would best benefit from improvement

Not the best choice.

Helping a BPI team decide which process would best benefit from improvement is the purpose of a process selection matrix, not a dashboard. The correct answer is "To show information on how well a redesigned process is generating the desired results."

A process dashboard contains information such as the performance metrics established for the redesigned process, the targeted performance for each metric, and the process's actual performance on each metric. The process owner and others use this information to determine whether additional changes might be needed to further improve the process. For example, suppose the BPI team has set a target of "all customer questions answered with one phone call" but the process dashboard shows that, on average, five phone calls are required to resolve customers' questions. In this case, the team might want to further redesign the process to more closely meet the targeted performance.

- To track how well a redesigned process is generating the desired results

Correct choice.

The purpose of a process dashboard is to show information on how well a redesigned process is generating the desired results. A process dashboard contains information such as the performance metrics established for the redesigned process, the targeted performance for each metric, and the process's actual performance on each metric.

The process owner and others use this information to determine whether additional changes might be needed to further improve the process. For example, suppose the BPI team has set a target of "all customer questions answered with one phone call" but the process dashboard

shows that, on average, five phone calls are required to resolve customers' questions. In this case, the team might want to further redesign the process to more closely meet the targeted performance.

- To indicate the direction in which work will flow in a redesigned process

Not the best choice.

Indicating the direction in which work will flow in a redesigned process is the purpose of an arrow in a functional activity process flowchart, not the purpose of a dashboard. The purpose of a process dashboard is to show information on how well a redesigned process is generating the desired results. A process dashboard contains information such as the performance metrics established for the redesigned process, the targeted performance for each metric, and the process's actual performance on each metric.

The process owner and others use this information to determine whether additional changes might be needed to further improve the process. For example, suppose the BPI team has set a target of "all customer questions answered with one phone call" but the process dashboard shows that, on average, five phone calls are required to resolve customers' questions. In this case, the team might want to further redesign the process to more closely meet the targeted performance.

Check Your Knowledge: Results

Your score:

Steps for improving a process

1. Plan your process improvement effort.

Select the process you want to improve, define the scope of your business process improvement (BPI) project, and clarify your goals. In addition, schedule the work, assemble your BPI team, and get everyone on board by establishing ground rules for how you'll work together.

2. Analyze the process you want to improve.

Map the existing process in an "as is" flowchart, examine the flowchart to identify parts of the process that are problematic, and get stakeholders' opinions about where the process could use improvement. Also find out how other organizations carry out the process, to get additional ideas for problems to tackle in your own process.

3. Redesign the process.

Envision how you'd like the process to work, in an ideal world. Test your ideas through role-playing, practice, or computer simulation. Consider the implications of your proposed redesign—on organizational structures, employees, customers, and information systems. Gather feedback from stakeholders on your proposed redesign, and refine the process further.

4. Acquire the resources you need to implement the redesigned process.

Identify the resources you'll need to put your new process into action—including personnel, funding, new space, training, and new equipment. Obtain these resources through the means available to you—whether formal purchasing procedures or informal collaboration with peer managers.

5. Implement the process redesign.

Familiarize yourself with common implementation obstacles, such as resistance from employees and a lack of a champion to lead the process-improvement effort. Select and apply a rollout strategy, such as piloting the redesigned process or phasing it in.

6. Continually improve the process.

Establish a process owner—yourself or someone else—who will define metrics and targets for evaluating the new process's performance. Based on how well the process meets performance targets, make continual, incremental improvements in the process by reapplying the above five steps.

Steps for creating a functional activity flowchart

1. Define the process boundaries.

With your business process improvement team, identify the activities or decisions that mark the process's beginning and end.

2. Document the job titles of people involved in the process.

On the left-hand side of a piece of paper, list the job titles of all the people who work in the process.

3. Create "swim lanes."

Separate the job titles with horizontal or vertical lines. These become "swim lanes," which enable you to follow the work of individuals, see where handoffs occur, and identify imbalances of work among participants in the process.

4. Add process details.

For each job title in your chart, insert a box representing what that person does in the process. Inside the box, use verb-noun combinations to describe what that person does.

For example, "Receive application" or "Set up file." Insert diamonds representing decisions people must make while carrying out the process. Inside the diamonds, use questions to represent the decisions. For example, "Is file complete?" or "Was log-out okay?"

5. Show the sequence of activities.

Number each box and diamond in your flowchart to indicate the sequence in which activities are carried out during the process. Ensure that each box and diamond has a unique number.

Steps for envisioning a better process

1. Write stories describing the ideal process.

Have each member of your business process improvement team write a story about how he or she would change the problematic process so that it delights customers, saves time, or cuts costs.

Team members can create stories from the perspective of a customer, someone working in the process, or someone observing the process from outside. They can also draw on ideas from process benchmarking and best practices.

2. Read the stories out loud.

Have each person read his or her story to everyone else. As team members listen to the stories, have them jot down the ideas for process redesign that appeal most to them.

3. Document ideas.

After all the stories have been read, create two lists: process redesign ideas that most of the team likes, and ideas that require more discussion.

4. Discuss the ideas.

Discuss ideas until the team reaches a consensus on one redesign. If you can't reach consensus after everyone's ideas and positions have been heard, accept that you will have several design variations at this stage.

Tips for developing a process mindset in your team

- Help your employees understand that the team's work is composed of tasks that result in an output. The way these tasks are put together is a process. Each person in the team is part of one or more business processes.
- Ask people involved in a process to map the steps in the process. Ask them to identify the inputs and outputs for each step. Consider using sticky notes of different shapes and colors to build the map.
- Invite people to specify the inputs necessary for their work, to describe the work they do, and to identify the outputs. Ask them, "Who receives your outputs? What do they do with the outputs? How does the quality of your outputs affect their job?"
- Make a distinction between core and support processes. Core processes deliver value to customers directly; for example, customer support and product development. Support processes enable core processes and include hiring and training, budget approvals, purchasing, and other everyday operations.
- Have "upstream" workers interview "downstream" workers to see how upstream work affects downstream work. For example, order-entry people could question customer-fulfillment people to determine how unclear specifications and lack of customer information affects the processing of orders.
- Create a flow chart of the processes in your team. Then explore with your team what happens when variations—accommodating last-minute requests, not following established communication steps—are introduced into the process. Consider how workers and customers are affected when people don't follow established processes.

Tips for prioritizing process-improvement efforts

- Determine which process in your team is most critical to your team's ability to contribute to the organization. Ask team members, as well as external stakeholders such as vendors and customers, for their point of view.
- Prioritize processes that have the greatest impact on customers.
- Select processes for improvement that will generate the most benefit for the least amount of investment.
- Look for processes that result in costly problems—such as failure to meet customer needs, high costs, or long cycle times.
- Identify processes needing improvement based on internal considerations. For example, a problematic process is causing unnecessary conflict among team members, preventing them from concentrating on meeting customers' needs.

Tips for benchmarking and researching best processes

- Examine how the process you want to improve is performed by direct competitors, organizations that are in your industry but not direct competitors, and world-class organizations regardless of industry. Divide your business process improvement (BPI) team into three groups, and assign one benchmarking category to each group.
- To benchmark how industry competitors perform the process in question, consider the following sources of information: industry trade associations that conduct benchmarking studies, accounting and consulting firms that specialize in your industry, distributors who handle competitors' products, former employees of competing companies, public documents published by competitors (such as annual reports and press packages), rival companies' customers and suppliers.
- Prepare a list of questions to present to people you interview. Your list may include questions such as "How have you eliminated points in this process where employees experience frustration?" and "How do you currently prevent bottlenecks in this process?"
- Prepare a script with which members of your BPI team will introduce themselves to benchmarking interviewees before presenting them with questions.
- To identify organizations that are best in a particular process, look for companies that have won awards for their best practices—such as Malcolm Baldrige National Quality Award winners. Often, such organizations are quite proud of their accomplishment and are often willing to speak freely about their processes.
- To identify best-practice organizations, don't limit yourself to your own industry; compare processes, not products. For example, an opera company interested in improving its subscription process decided that the process was basically order-taking. It asked itself what company it considered the best order taker—and came up with a direct-mail clothing retailer to interview.

Tips for redesigning a process

- Change the process in ways that provide value that the customer wants—for example, more speed and efficiency, more accuracy, less cost, or a single point of contact between customers and your company.
- Don't be constrained by current job titles, responsibilities, and locations. If you need to create a new position to make the process flow as effectively as possible, consider doing so.
- If inputs to your process naturally form a cluster, create a separate process for each cluster.
- Attack the biggest time-wasters in the process first—such as points where there is extensive waiting, moving, or rework.

- Where steps in the process can be done independently of each other, without having to be in a particular sequence, consider creating several processes that can operate in parallel.
- Examine the logic behind the current sequence of steps in the process. Ask yourself whether the process would work more quickly or efficiently if you rearranged the steps.
- Look for opportunities to remove unnecessary reviews of completed work. When people know that their work will be reviewed multiple times, the incentive to get it right the first time is low.
- To decrease the number of steps in a process, eliminate signoffs or approvals by individuals on activities they don't know much about. Instead, push decision-making down to where the work is actually being done.
- Identify opportunities to simplify steps that are unnecessarily complex.
- Involve as few people as possible in performing a process. You'll reduce the number of potential bottlenecks and other problems.
- Identify problem points in the process by asking the people involved where they experience frustration, and by asking what, precisely, frustrates them. Answers might include "When this part of the work gets to me, there's missing information."
- To identify bottlenecks in the current process, increase the inputs flowing through it, and accelerate the speed at which the process is performed. Bottlenecks will become more noticeable under these conditions.

Tips for overcoming resistance to a redesigned process

- Involve stakeholders (anyone affected by a changed process) in designing any improvement you recommend. People are more likely to support a change they have helped to create.
- Ask stakeholders for their input on your as-is process flowchart, on your proposed redesign, and during the actual implementation.
- Listen to each person's opinion on the redesign. Write their concerns on a flip chart, and let them know that your team is aware of their issues. Resisters may have valid points that you need to address in your process redesign.
- When proposing a process redesign, make it clear that the process is the problem—not the people who work in that process. Often people who have worked in a particular process for years may identify with how the work is currently done, and may have difficulty agreeing to a change.
- Early in your process redesign effort, acknowledge your appreciation for the accomplishments of the people who have worked in the process in the past. This lets them know there's nothing wrong with their work, making it easier for them to be open to change.
- State the reason for redesigning a problematic process. You'll help people see the benefits of moving the process to the next level of performance.
- Describe how you will change the process in question, and how each person will be involved.
- Explain "what's in it for them" if they help to improve the process at hand. For example, "We'll all acquire more new customers and therefore get bigger bonuses."
- Identify and address the belief or assumption that's driving resistance to the new process. For example, if a person says, "That new software won't work," ask, "What would it take for you to think differently about this?" If he or she responds, "Well, I'd like proof that it worked in another company," provide the requested evidence.
- Have resisters listen to or participate in process benchmarking interviews, in which process improvement team members interview members of another organization that is currently having success with the new way of working that you've proposed.

Checklist for deciding whether process improvement is necessary

<i>Checklist for Deciding Whether Process Improvement Is Necessary</i>		
<i>The questions below relate to the signs and symptoms suggesting that your team may need to embark on a business process improvement (BPI) effort. Use this tool to decide whether to launch a BPI initiative.</i>		
Question:	Yes	No
1. Is your team failing to meet quality, cost, or time requirements?		
2. Are there significant external developments (for example, in customer preferences, competitors' behavior, and technology) that may require considerable adjustments to current processes?		
3. Are there important changes within your organization (for instance, a new corporate strategy emphasizing high-quality customer service) that may suggest the need for process improvement?		
4. Have you seen evidence of fragmentation and lack of cooperation or coherence in how work is being carried out?		
5. Are customers complaining about the quality of service they are getting from your team?		
6. Does your team's performance compare unfavorably with that of other teams in the organization that do similar work?		
7. Are employees expressing frustration with their job responsibilities?		
8. Do tasks often get done incorrectly the first time?		
9. Are some tasks taking too long to complete?		
10. Do certain procedures seem overly complicated, for example, multiple signoffs being required to approve a single purchase order?		
TOTALS		
<i>If you answered "yes" to most of these questions, your team probably needs to launch a BPI initiative.</i>		

© 2006 Harvard Business School Publishing. All rights reserved.

Worksheet for planning a process redesign

Worksheet for Planning a Process Redesign

If you've decided that a process redesign effort is necessary in your team, use this worksheet to plan the initiative.

1. What process do you think would benefit from being redesigned?

2. What are the conditions or issues that prompted the launch of an improvement effort for this process? Why is this redesign necessary?

3. What do you see as the scope of this business process improvement (BPI) effort—that is, what will and won't be included?

4. What are the goals of the BPI effort?

5. How will you know that the BPI effort has succeeded?

6. Who will make up your BPI team? Indicate who will fill the following roles:

 Project manager:
 Process owner:
 Process users:
 Skeptics:
 Facilitator:
 Technology expert:

7. From which individuals in your organization—for example, your supervisor, peer managers, or heads of other functions—will your BPI team need support in order to carry out its work? List these individuals below. Next to each name, indicate the kind of support your team will need from that person. Examples may include approval for funding, ideas for redesigning the process, and participation in a practice or pilot for the redesigned process.

8. How will you ensure that your BPI team receives the support it needs from the individuals you identified in question 7?

9. What timetable do you anticipate for this BPI effort? List major milestones below, such as "analyzing the current process," "redesigning the process," "acquiring resources," and "implementing the new process." Next to each major milestone, indicate when you expect your team to reach that milestone.

10. What potential obstacles might your BPI team face as it carries out the BPI initiative? List the obstacles below, and indicate how you plan to surmount each one.

Worksheet for creating a functional activity flowchart

Worksheet for Creating a Functional Activity Flowchart

The worksheet below enables you to create a functional activity flowchart of a process. To create the flowchart, list the job titles of the people involved in the process on the left. For each job title in the chart, insert a box containing a short phrase representing what that person does at each step in the process. Insert diamonds containing a short phrase representing decisions people must make while carrying out the process. Number each box and diamond to indicate the sequence in which these activities and decisions are carried out.

Job Title	

© 2006 Harvard Business School Publishing. All rights reserved.

Process report card

[illegible]

© 2006 Harvard Business School Publishing. All rights reserved.

Worksheet for process benchmarking

<h2><i>Worksheet for Process Benchmarking</i></h2>																							
<i>This worksheet helps you develop a plan for benchmarking a process you want to redesign.</i>																							
Process to be redesigned: _____																							
<p>1. Identify information benchmarking sources.</p> <p><i>List sources that would be helpful for gathering information on which companies to use as benchmarks. Examples may include consultants specializing in benchmarking, industry trade associations, former employees of competitors, companies' published documents, and competitors' customers and suppliers. For each source you've identified, indicate who will contact that source and when.</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Source</th> <th style="width: 33%;">Who Will Contact</th> <th style="width: 33%;">When</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>			Source	Who Will Contact	When																		
Source	Who Will Contact	When																					
<p>2. Identify direct competitors to benchmark.</p> <p><i>List companies that compete with yours and that perform the same process you want to improve.</i></p> 																							
<p>3. Identify noncompetitors to benchmark.</p> <p><i>List companies that do not compete with yours but that perform the same process you want to improve.</i></p> 																							

4. Identify world-class organizations to benchmark.

List companies that are considered "world class" in the process you want to improve.

5. Create benchmarking teams.

For each of the three types of benchmark targets you identified in steps 2-4, list members of your business process improvement team who will be responsible for contacting those organizations.

Competitor benchmarking team:

Noncompetitor benchmarking team:

World-class organizations benchmarking team:

6. Prepare a list of benchmarking interview questions.

List the questions you want to ask each organization during your benchmarking interviews.

7. Prepare a benchmarking interview script.

Fill in the information in the script below to customize it for the process you are trying to improve. Have BPI team members practice reading and responding to the script before conducting actual benchmarking interviews.

- "Hello, my name is _____. I'm part of a team at _____."
- "We're doing an analysis of our _____ process, and we understand that your organization is doing some interesting things in that area."
- "Are you the person I should speak with regarding this process? If not, whom would you recommend I contact?"
- "Is this a good time to talk? If not, when is a better time?"
- "I have a list of questions that should take _____ minutes to answer."
- "We'll be sharing our findings with participating organizations. Would you like a summary of our findings?"
- "Are you ready to answer the questions? The first is _____. The next question is _____." [State the remaining questions.]
- "Is it okay to call you back if we need to clarify some things?"
- "Thank you for your time."

© 2006 Harvard Business School Publishing. All rights reserved.

Why Develop Others?

“At the end of the day, you bet on people, not strategies.”

Larry Bossidy

Former CEO, AlliedSignal

In today's global business environment, markets and regulations change quickly. Competitors constantly innovate. Technological changes are the norm.

In order to outmaneuver the competition and meet the demands of the moment, organizations must be agile. They must execute flawlessly. And they must transform themselves continuously.

Are your leaders ready?

Dr. Noel M. Tichy

Professor

University of Michigan Ross School of Business

We have now entered an era where I don't care what industry you're in, you need leaders who can make decisions, make judgment calls at every single level. All the way down to the interface with the customer.

If you go to a company like Google or any of the high tech companies, a lot of the innovation that Amazon does is happening right at the front line. Go ahead, try it, put it out there, we'll learn from it. That cannot happen if the senior leadership doesn't have a commitment to both develop the leadership capability, but develop the business through engaging people at all levels of the organization.

Becoming a teaching organization

I like to tell parents that they cannot delegate their responsibility to develop their children. And I think it is the same in an organization. Day in and day out the person that has the biggest impact on people in the organization is the next level above and the associates around and below. And so to build a learning organization I say is not enough. Learning could be, you know we are learning cooking, we are learning this or that, but teaching organizations, when I learned something, I have a responsibility to teach my colleagues.

So everybody takes responsibility for generating new knowledge and it is not enough to be a learner, you then have to translate it into teaching.

The Virtuous Teaching Cycle

The role of a leader is to ensure that the people who work for them and around them are better every day. There's only one way to make people better. It's to teach them, learn from them, create what I call "virtuous teaching cycles", not command and control.

A virtuous teaching cycle is teach learn, teach learn. And the leader has a responsibility for reducing the hierarchy, for having a point of view to start the discussion, but then to be responsible to hear everyone's voice, get everyone involved in a disciplined way. It is not a free for all. But it is the leader's responsibility to create that virtuous teaching cycle.

A wonderful example of virtuous teaching cycle is the program that Roger Enrico ran at Pepsi, where every one of the 10 vice presidents comes with a business project.

Roger Enrico gets smarter as result of five days with 10 vice presidents, because he's learning from them. He needs to lower the hierarchy. He needs to be open to learning. And in turn, the people participating need to be energized and empowered to come up and engage in problem solving.

Another example is at Best Buy, where every morning in the stores you would bring 20 associates or so together and they would review the profit and loss statement from the day before, what we learned from the different customer segments in our stores, what we can do to improve our performance this day. And they do that every single day. The store manager was learning mostly from the associates on the floor.

That was a virtuous teaching cycle where everybody is teaching everybody, everybody is learning and the result has been an incredible result at Best Buy.

“The growth and development of people is the highest calling of leadership.”

- Harvey S. Firestone

Founder, Firestone Tire and Rubber Co

There are clear advantages to leader-led development.

But for many leaders, taking on teaching, coaching, and other development responsibilities can seem daunting. You might avoid taking on these roles due to lack of time, resources, or your own lack of comfort with this role.

The following tips and resources can help you impart valuable learning to your team every day.

To develop others...

- Start with a Teachable Point of View

The first requirement of being able to develop other leaders is to have what I call a teachable point of view. I often give the example of, if I ran a tennis camp and you just came to day one of the tennis camp, I better have a teachable point of view on how I teach tennis. So you are standing there looking at me and it has got four elements. One, the ideas, well how do I teach the backhand, the forehand, the serve, rules of tennis. Then if I am a good tennis coach, I have a set of values. What are the right behaviors I want, how do I want you to dress, how do I want you to behave on the tennis court.

But if that's all I have, what do I do? Show you a power point presentation and then expect you to hit 500 backhands, 500 serves, run around for eight hours. I have to have a teachable point of view on emotional energy. How do I motivate you to buy in to the ideas and values?

On one end of the spectrum it could be I threaten you with corporal punishment, the other I can give you stock options, I can make you feel good about yourself, I can help you develop as a human being, what motivates you.

And then finally, how do I make the tough judgment calls, the yes/no, decisions as the tennis coach, the ball is in, the ball is out. I don't hire consultants and set up a committee, it is yes/no. And the same with running a business, what are the products, services, distribution channels, customer segments that are going to grow top line growth and profitability of the organization.

What are the values that I want everyone in the organization to have, how do I emotionally energize thousands of people, and then how do I make the yes/no, judgments on people and on business issues. So the fundamental building block of being able to develop other leaders is to have that teachable point of view just like the tennis coach.

To develop others...

- Lead with questions

Questions are hugely important because you want to create dialogue and again, what I call a virtuous teaching cycle where the teacher learns from the students and vice versa. Which means everybody ought to be free to ask whatever is on their mind, whatever it will take to get clarity and understanding, but it is not the leader just coming in and freeform asking questions. I believe the leader has a responsibility for framing the discussion, for having as best they can a teachable point of view, they may need help from their people in flushing it out, but they need to set the stage but then it has to be a very interactive, what I call virtuous teaching cycle environment, teach learn, teach learn, teach learn.

To develop others...

- Make it part of your routine

A good example to me of an outstanding leader developing other leaders is Myrtle Potter who at the time I am commenting was Chief Operating Officer of Genentech running the commercial side of the business. And she would take time at the end of every single meeting and do some coaching of the whole team on how we could perform as a team better, and then she would often take individuals and say, could we spend 10 minutes over a cup of coffee, I want to give you some feedback and coaching on that report that you just presented on or how you are handling a particularly difficult human resource issue, but it was part of her regular routine. And I think the challenge for all of us as leaders is to make that a way of life and it is built into the fabric of how we lead and it is not a one off event, three times a year. It is happening almost every day.

To develop others...

- Make it a priority

One of the biggest challenges in getting people kind of on this path is to overcome some of their own resistance, either fear or the way I view the world I don't have time for this, everybody can make time. Roger Enrico is CEO of Pepsi. He didn't have time to go off for a week at a time and run training sessions. He had to readjust his calendar. So it requires you to look in the mirror and say, is this important. If it is important, of course I can make the time. Then I have to get over my own anxiety on how well I can do it, but it is a commitment to get on the path that says: this is how I am going to drive my own performance and the performance of my colleagues.

To develop others...

- Learn to teach

I think the biggest mistake is to assume you are going to be good at it right off the bat. It is like learning anything else. First time you go out and try and play tennis, good luck. But you got to stay with it and you got to engage your people in helping make you better and them better. And so it is a journey you need to get on, not I am going to do it perfectly when I start out.

If you want to be a great leader who is a great teacher, it's very simple. You have got to dive into the deep end of the pool. But you've got to dive into the pool with preparation. I don't want you drowning. I want you succeeding. It is extraordinarily rewarding for most human beings to teach others. I think once you can turn that switch on, it is self perpetuating. You get a lot of reinforcement, your team is better. You perform better because your performance goes up and it becomes this virtuous teaching cycle.

Your opportunity to develop others

We've heard why developing others can drive greater business results, and how to make the most of your leader-led development efforts. The materials provided in Develop Others enable you to create personalized learning experiences for YOUR team within the flow of their daily activities. Use the guides and projects to engage your team quickly. And to explore how key concepts apply to them in the context of their priorities and goals.

The value of teaching is the performance of the organization is totally dependent on making your people smarter and more aligned every day as the world changes. In the 21st century we are not going to get by with command and control. We are going to have to get by with knowledge creation. The way you create knowledge in an organization is you create these virtuous teaching cycles where you are teaching and learning simultaneously, responding to customer demands and changes, responding to changes in the global environment. My bottom line is if you're not teaching, you're not leading.

A leader's most important role in any organization is making good judgments — well informed, wise decisions about people, strategy and crises that produce the desired outcomes. When a leader shows consistently good judgment, little else matters. When he or she shows poor judgment nothing else matters. In addition to making their own good judgment calls, good leaders develop good judgment among their team members.

Dr. Noel M. Tichy

Professor, University of Michigan Ross School of Business

Dr. Noel M. Tichy is Professor of Management and Organizations, and Director of the Global Business Partnership at the University of Michigan Ross School of Business. The Global Business Partnership links companies and students around the world to develop and engage business leaders to incorporate global citizenship activities, both environmental projects and human capital development, for those at the bottom of the pyramid. Previously, Noel was head of General Electric's Leadership Center at Crotonville, where he led the transformation to action learning at GE. Between 1985 and 1987, he was Manager of Management Education for GE where he directed its worldwide development efforts at Crotonville. He currently consults widely in both the private and public sectors. He is a senior partner in Action Learning Associates. Noel is author of numerous books and articles, including:

For more information about Noel Tichy, visit <http://www.noeltichy.com>.

Share an Idea

Leaders are in a unique position to recognize the ideas and tools that are most relevant and useful for their teams. If you only have a few minutes, consider sharing an idea or tool from this topic with your team or peers that is relevant and timely to their situation.

For example, consider sending one of the three recommended ideas or tools below to your team with your comments or questions on how the idea or tool can be of value to your organization. By simply sharing the item, you can easily engage others in important conversations and activities relevant to your goals and priorities.

[Tips for developing a process mindset in your team](#)

[Checklist for deciding whether process improvement is necessary](#)

[Steps for improving a process](#)

To share an idea, tip, step, or tool with your comments via e-mail, select the EMAIL link in the upper right corner of the page that contains the idea, tip, step, or tool that you wish to share.

Discussion 1: Prioritizing process improvement efforts

You've worked hard to establish a process mind-set in your team, encouraging people to look for symptoms of problematic processes with an eye toward improving them. But when it seems that several processes may need improvement, how do your people decide which one to tackle first?

They need to prioritize their process improvement efforts. First, they must identify criteria by which to rate the desirability of improving each process — such as how easily the process might be changed and how problematic it may be for customers. Second, they need to create a process selection matrix in which they rate each process according to the criteria they've established.

By taking this disciplined approach to prioritizing their process improvement efforts, your team members can channel their time and resources into making process improvements that will generate the most value for their group and the organization overall.

Use these resources to lead a discussion with your team about how to detect process problems, establish criteria for evaluating them, and prioritize their process improvement efforts.

Download resources:

[Discussion Invitation: Prioritizing Process Improvement Efforts](#)

[Discussion Guide: Prioritizing Process Improvement Efforts](#)

[Discussion Slides: Prioritizing Process Improvement Efforts \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Discussion 2: Analyzing a problem process

When your team members have prioritized a business process for improvement, they need to analyze the process to generate ideas for redesigning it. But they may not be familiar with techniques for analyzing a problem process. These techniques include:

- Creating a functional activity flowchart of the process
- Examining the flowchart with an eye toward identifying problems points in the process
- Gathering additional insights from stakeholders and benchmarking companies on how the process might be improved.

By applying this disciplined approach, your team members can precisely describe the existing process and generate ideas for improving the process.

Use these resources to lead a discussion with your team about how to systematically analyze a process.

Download resources:

[Discussion Invitation: Analyzing a Problem Process](#)

[Discussion Guide: Analyzing a Problem Process](#)

[Discussion Slides: Analyzing a Problem Process \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Start a Group Project

Just like any change effort, successfully incorporating new skills and behaviors into one's daily activities and habits takes time and effort. After reviewing or discussing the concepts in this topic, your direct reports will still need your support to fully apply new concepts and skills. They will need to overcome a variety of barriers including a lack of time, lack of confidence, and a fear of making mistakes. They will also need opportunities to hone their skills and break old habits. To help ensure their success, you can provide safe opportunities for individuals and your team as a whole to practice and experiment with new skills and behaviors on the job.

For example, to encourage the adoption of new norms, you can provide your team members with coaching, feedback, and additional time to complete tasks that require the use of new skills. Management approaches such as these will encourage team members to experiment with new skills until they become proficient.

Group learning projects provide another valuable technique for accelerating team members' development of new behaviors. A group learning project is an on-the-job activity aimed at providing team members with direct experience implementing their new knowledge and skills. Through a learning project, team members discover how new concepts work in the context of their situation, while simultaneously having a direct and tangible impact on the organization.

The documents below provide steps, tips, and a template for initiating a group learning project with your team, along with two project recommendations for this topic.

Download resources:

[Tips for Initiating and Supporting a Learning Project](#)

[Learning Project Plan Template](#)

[Learning Project: Benchmark a Problem Process](#)

[Learning Project: Redesign a Problem Process](#)

Mastering the Management System

Robert S. Kaplan and David P. Norton. "Mastering the Management System." *Harvard Business Review*, January 2008.

[Download file](#)

Summary

Companies have always found it hard to balance pressing operational concerns with long-term strategic priorities. The tension is critical: World-class processes won't lead to success without the right strategic direction, and the best strategy in the world will get nowhere without strong operations to execute it. In this article, Kaplan, of Harvard Business School, and Norton, founder and director of the Palladium Group, explain how to effectively manage both strategy and operations by linking them tightly in a closed-loop management system. The system comprises five stages, beginning with strategy development, which springs from a company's mission, vision, and value statements, and from an analysis of its strengths, weaknesses, and competitive environment. In the next stage, managers translate the strategy into objectives and initiatives with strategy maps, which organize objectives by themes, and balanced scorecards, which link objectives to performance metrics. Stage three involves creating an operational plan to accomplish the objectives and initiatives; it includes targeting process improvements and preparing sales, resource, and capacity plans and dynamic budgets. Managers then put plans into action, monitoring their effectiveness in stage four. They review operational, environmental, and competitive data; assess progress; and identify barriers to execution. In the final stage, they test the strategy, analyzing cost, profitability, and correlations between strategy and performance. If their underlying assumptions appear faulty, they update the strategy, beginning another loop. The authors present not only a comprehensive blueprint for successful strategy execution but also a managerial tool kit, illustrated with examples from HSBC Rail, Cigna Property and Casualty, and Store 24. The kit incorporates leading management experts' frameworks, outlining where they fit into the management cycle.

Process Audit

Michael Hammer. "Process Audit." *Harvard Business Review*, April 2007.

[Download file](#)

Summary

Few executives question the idea that by redesigning business processes—work that runs from end to end across an enterprise—they can achieve extraordinary improvements in cost, quality, speed, profitability, and other key areas. Yet in spite of their intentions and investments, many executives flounder, unsure about what exactly needs to be changed, by how much, and when. As a result, many organizations make little progress—if any at all—in their attempts to transform business processes. Michael Hammer has spent the past five years working with a group of leading companies to develop the Process and Enterprise Maturity Model (PEMM), a new framework that helps executives comprehend, formulate, and assess process-based transformation efforts. He has identified two distinct groups of characteristics that are needed for business processes to perform exceptionally well over a long period of time. Process enablers, which affect individual processes, determine how well a process is able to function. They are mutually interdependent—if any are missing, the others will be ineffective. However, enablers are not enough to develop high-performance processes; they only provide the potential to deliver high performance. A company must also possess or establish organizational capabilities that allow the business to offer a supportive environment. Together, the enablers and the capabilities provide an effective way for companies to plan and evaluate process-based transformations. PEMM is different from other frameworks, such as Capability Maturity Model Integration (CMMI), because it applies to all industries and all processes. The author describes how

several companies—including Michelin, CSAA, Tetra Pak, Shell, Clorox, and Schneider National—have successfully used PEMM in various ways and at different stages to evaluate the progress of their process-based transformation efforts.

v 11.0.2.07272011 © 2011 Harvard Business School Publishing. All rights reserved.